

The complaint

Mrs A complains that I Go 4 Ltd (“IGo4”) charged her unfairly when she cancelled her motor insurance policy.

What happened

Mrs A agreed an insurance policy online through IGo4 acting as an insurance broker. She paid the annual premium upfront. Mrs A made an error when confirming the number of years of no-claims she held. She put nine when this was actually three years. When the correct information was confirmed this resulted in an additional premium.

Mrs A called to cancel the policy as she’d found a cheaper policy elsewhere. She said this resulted in further fees even though she was still within the 14-day cancellation period. Mrs A didn’t think this was fair and complained.

In its final complaint response IGo4 said that when agreeing her policy Mrs A was asked to confirm that she’d read the associated terms and conditions. It said that within these terms the cancellation fees are clearly set out. IGo4 said Mrs A’s insurer agreed that it could base the cancellation on the original, lower premium. And that a seven-day cancellation letter was sent informing her to seek alternative cover.

Mrs A didn’t think IGo4 had treated her fairly and she referred the matter to our service. Our investigator upheld her complaint in part. He said IGo4 has now refunded some of the fees. But that it should only have charged £35 not £65 for the cancellation. This is because Mrs A cancelled within the cancellation period. He said £30 should be refunded with 8% simple interest. In addition, he thought the time on cover should end on 25 October 2024. So, IGo4 should refund any charges incurred after this date.

IGo4 didn’t accept our investigator’s findings. It said cancellation of the policy wasn’t confirmed during the call on 25 October 2024 meaning it wasn’t appropriate to backdate it.

As an agreement couldn’t be reached the complaint has been passed to me to decide.

I issued a provisional decision in April 2025 explaining that I was intending to uphold Mrs A’s complaint in part. Here’s what I said:

provisional findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Having done so I’m upholding Mrs A’s complaint in part. Let me explain.

We don’t think it’s unreasonable for IGo4 to charge fees to cover administration costs when cancelling a policy. But any fees must be made clear upfront. If this isn’t done, or the information is only provided after the policy is agreed, we don’t think this is fair.

IGo4 has supplied screenshots of the information Mrs A was presented with when she applied for her policy online. I can see a screen headed "Policy Fees". This says a £35 fee applies for cancellations up to 14 days. After 14 days this increases to £65. It's explained that this is to cover admin costs and notifying third parties.

In the screen shot provided there is a link to show a full list of fees that may be applicable. When selected this shows a 'new policy' £60 setup fee applies. This is to cover the cost of arranging and servicing a new policy. The cancellation fees are also reiterated in this document. The screenshots IGo4 provided show that Mrs A had to click a box to confirm she'd read and agreed to these terms and conditions.

Having considered this information, I'm satisfied the online process Mrs A went through informed her of the fees for the setup and cancellation of the policy.

There's no dispute that Mrs A gave inaccurate information about the number of years no-claims she held. I understand this was due to a misunderstanding as she's covered on another policy. She had more than three years no claims. But this was allocated to her other policy, and so couldn't be used for her cover through IGo4. This impacted on the cost of her insurance, which is why she was asked to pay an additional amount.

I've listened to the call from 25 October 2024. Mrs A told IGo4's agent that she wanted to cancel. The agent confirmed the additional payment due. Mrs A again confirmed that she wanted to cancel. The agent said there is a £35 cancellation fee, but this increases to £65 after 14 days. He asks if Mrs A still wants to cancel. She replied, "yes". The agent confirmed a setup fee for £60 will be deducted from the refund Mrs A receives. This is in addition to the cancellation fee and charge for time on cover. Mrs A isn't happy with the fees involved and asked how to take this further. The agent attempted to contact a manager, but there wasn't one available. He told Mrs A that a manager will call her back. The call then ends.

IGo4 said it didn't confirm to Mrs A that her policy had been cancelled. It explained that a manager called but Mrs A didn't answer. It then dealt with her complaint in its response on 28 October 2024. In this letter it explained the cancellation fee will increase to £65. This is if Mrs A cancelled the policy after the date of this letter, which was 14 days after the policy was agreed. IGo4 said unless it's shown that alternative cover was in place then it isn't appropriate to backdate the cancellation to the date of the call on 25 October. It said this could result in a period when Mrs A was uninsured.

I asked Mrs A when she obtained alternative insurance. I pointed out that if cancellation was backdated to 25 October, as proposed by our investigator, this could mean a gap in her insurance. So, any claims made against her during this period wouldn't be covered. This could also mean a gap in her cover when seeking insurance in future. This could impact on her ability to obtain insurance and the cost of cover. It's a legal requirement to have insurance in place when using a vehicle on a public road. So, it's important to establish that Mrs A had cover in place to avoid a potential issue.

Mrs A responded to my request to say her IGo4 policy cancelled on 14 November 2024. But she didn't provide a response to the question I asked about her alternative cover. We contacted her again to ask when she obtained this. But she didn't respond.

Having considered all of this, I think it's clear that Mrs A gave instructions to cancel her policy during the call on 25 October 2024. So, IGo4 should refund £30 of the cancellation fee it charged plus 8% simple interest. It should also backdate the cancellation to 25 October arranging any refund due for the reduced time on cover. However, given the concerns raised, both of these points should only be actioned if Mrs A provides proof of alternative cover. If this isn't provided I agree with the business that it wouldn't be appropriate to

backdate the cancellation.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Neither party responded with any further comments or information for me to consider.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

As neither party has made any further submissions or provided further evidence for me to consider, I see no reason to change my provisional findings.

So, my final decision is the same as my provisional decision and for the same reasons.

My final decision

My final decision is that I uphold Mrs A's complaint in part. I Go 4 Ltd should:

- on receipt of documentation that shows alternative cover was in place from 25 October 2024 - backdate the cancellation to 25 October 2024 and provide any refund due for the reduced time on cover; and
- refund £30 of the cancellation fee and pay 8% simple interest on this amount from the date this payment was taken until the refund is made

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 12 June 2025.

Mike Waldron
Ombudsman