

The complaint

Mr S complains that BISL Limited trading as Dial Direct ('BISL'), an insurance intermediary he used to purchase his motor insurance, failed to cancel a direct debit payment after he cancelled his policy. He said this meant a payment was taken from his account which led to him going into an unarranged overdraft.

What happened

Mr S bought his motor insurance policy through BISL in 2022. The policy automatically renewed each year. In April 2025, Mr S called BISL and asked to cancel his policy because he wasn't happy with the new price he'd been quoted.

Mr S called BISL after the policy renewed and it initially said this meant he would be charged for the time he was insured for, plus a £25 arrangement fee. After Mr S complained, it agreed to cancel the policy without charging any additional fees especially as Mr S cancelled on the same day the policy had renewed. BISL said a payment for £69.01 which was due to be taken from Mr S's account a few days later, might still be taken out but it would be refunded to him. The payment was taken out of Mr S's account on 15 April 2025, four days after the policy renewed and it was refunded to Mr S on 24 April 2025.

Mr S wasn't happy that the payment was taken out of his account despite cancelling the policy and said this was done without his permission. He said that when the payment was taken out, his account became overdrawn which impacted his credit score and led to him being declined for a loan. He complained to BISL and asked for compensation.

BISL ultimately agreed to pay Mr S £110 compensation overall for the distress and inconvenience it caused him. It added that the £69.01 refund could have been authorised a few days earlier and also paid Mr S interest for this delay.

Mr S wasn't happy with BISL's response and felt that the compensation it issued wasn't sufficient. He, therefore, brought his complaint to our service and said he wanted £10,000 in compensation.

One of our investigators reviewed the complaint but didn't think it should be upheld. Our investigator thought BISL had warned Mr S in advance about the payment and acted fairly in agreeing to refund it in full and to cancel the policy without charging cancellation or other fees; something it would have been able to charge under its terms. Our investigator also thought that it's £10 and £100 compensation payments plus additional interest for the delayed refund were fair and reasonable.

Mr S didn't agree and asked for an ombudsman's decision. He insisted that BISL should not have taken any payments from his account after the policy was cancelled and said that BISL didn't cancel his direct debit and he had to do this himself on 15 April 2025.

The matter was then passed to me to decide.

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.

BISL's terms state that if a policy is cancelled within the initial 14 days there will be a £25 arrangement fee plus a charge for the time the policy was live until cancellation. I don't think these charges are unreasonable and reflect the work BISL would have to carry out in order to renew the policy. I also think it is fair and reasonable that there is a pro rata premium charge for the period the customer was insured for.

When Mr S called BISL on 11 April 2025 he said he was not happy with the renewal price he was offered and that if the price was not decreased, he would consider cancelling his policy. The first handler advised him that they weren't able to change his premium because the policy had already automatically renewed that day. The second handler tried to look for alternative quotes, but they said they were all higher than Mr S's renewal price. Mr S then said he wanted to cancel his policy. When he was told there would be a £25 arrangement fee and approximately a £7 premium charge for the time he was insured for, he said he wasn't happy to pay BISL anything because it renewed the policy without his permission.

With regards to the automatic renewal, I appreciate Mr S doesn't feel this should have gone ahead without his permission, nevertheless, when he originally set his policy up in 2022, the policy was set up to renew automatically each year. And it did renew automatically since 2022. So, I think this is something Mr S would have been reasonably aware of. Furthermore, from what I have seen, the fact that the policy would automatically renew is clearly set out in the documents BISL issued Mr S each year. So, I don't think BISL has acted unfairly in this regard.

BISL has also provided evidence to show that it informed Mr S that his policy was due to renew on 11 April 2025, around 20 days in advance. It has also been able to show that there was no contact from Mr S regarding his 2025 renewal until the morning of 11 April 2025; the date the policy was due to renew. This is a further reason why I think it was acting reasonably when it proceeded with the automatic renewal. Motor insurance is compulsory, and I don't think it would have been reasonable for BISL to take any actions that may have risked Mr S driving without insurance.

Furthermore, BISL's renewal notice stated that if Mr S did not wish for his policy to renew, he should get in touch with BISL before 11 April 2025. It also said a payment of £69.01 would be collected on or just after 15 April 2025 and that if Mr S cancelled within 14 days there would be a £25 arrangement fee charged as well as an additional amount in proportion with the time on cover. Again, I think BISL's communication regarding important dates and charges was clear.

Mr S is unhappy that the £69.01 payment was collected from his account despite him already cancelling the policy and BISL confirming it would refund this amount to him. He said as this took place after the policy was cancelled, it shouldn't have gone ahead. BISL said that because the policy had already renewed by the time Mr S called to cancel it, the £69.01 had already been requested and there was no way of stopping it. It said it would refund it once it was received and cleared and that this could take up to 10 days which in the circumstances, I think is fair and reasonable.

I appreciate Mr S feels the payment request should have been cancelled but I don't think what BISL has said is unusual. There are banking and internal processes it has to follow and I accept that it may not have been possible to take all the necessary steps to stop the payment request at such short notice. But as I said above, I think the fact that it agreed to issue a refund as soon as it was able to was fair and reasonable.

Mr S said the direct debit payment was requested on 14 April 2025 which was after he spoke to BISL and provided a letter from his bank which he believes supports this. Having reviewed the letter, it's not my understanding that BISL actively requested this payment, I think it's more likely that it failed to stop it in time which is something it had already warned Mr S about due to the cancellation being made after the policy had already renewed.

Mr S was also unhappy that BISL didn't cancel his direct debit until he did it himself on 15 April 2025. I understand Mr S's frustration but there is no indication that BISL would have carried on taking payments from his account after this date.

Mr S said that his account was overdrawn due to BISL taking out the £69.01 and that this impacted his credit score. Mr S has provided a copy of his online bank statement which shows that his account was indeed overdrawn on 15 April 2025 when the £69.01 was taken out but I also note that he made a £50.00 payment into his account on the same day which brought it back into a positive balance. I can appreciate though that the £69.01 payment did impact his account, and his bank has also confirmed that he had gone into an unarranged overdraft. Nevertheless, I haven't seen any evidence that this impacted his credit score as he says. This is something our investigator has asked him to provide but I am not aware of us having received such evidence. Even if we had, as I don't think BISL did anything wrong in collecting the payment and as it had already warned Mr S it would be doing so, I don't think it needs to pay Mr S any further compensation.

Mr S also told us that he applied for a £15,000 loan in June 2025 which he was rejected for and which he believes is due to the impact the overdraft had on his credit score. Mr S initially said he didn't need a loan but wanted to demonstrate that going into an overdraft has had a negative impact on him but he later told us he needed this loan for a family holiday. In any case, though Mr S has provided evidence to show he was rejected for a loan this doesn't show that the reason for this was because he had gone into an overdraft due to the payment to BISL. There can be many reasons why someone could be rejected for a loan including the amount they requested, the reason for the loan etc. I appreciate this will have been very disappointing to Mr S but as I don't think BISL has done anything wrong in collecting the £69.01 in the first place, I don't think it needs to pay Mr S any further compensation for this.

I appreciate Mr S was very frustrated by what happened, but I don't think BISL has acted in a way that was unfair or unreasonable or outside its terms and conditions. I also think the

fact that it waived the arrangement fee and pro-rata premium charge was fair and reasonable as they are both charges it would have been entitled to charge.

BISL said the £69.01 refund could have been issued a few days earlier and paid Mr S interest on this amount for the delay. From what I have seen the refund was issued on 24 April 2025, so it was within the ten days it had told Mr S it could take. But in any event I find that its decision to award Mr S interest of £0.37 for delays is fair and reasonable.

BISL has also paid Mr S £110 compensation overall for the distress and inconvenience it caused him and to also assist towards the cost of calls and the time Mr S spent resolving the matter. Overall, I think this is fair and reasonable especially bearing in mind I don't think BISL took any actions that were outside its terms and conditions.

I appreciate Mr S will be disappointed with my decision but, for the reasons I gave above, I don't think BISL needs to take any further action.

My final decision

For the reasons above, I've decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 24 October 2025.

Anastasia Serdari
Ombudsman