

The complaint

Mr N complains that BISL Limited (BISL) charged him a cancellation fee twice when he cancelled his car insurance policy and the refund provided is less than it should be.

What happened

Mr N purchased car insurance via BISL acting as an intermediary. Part way through the policy year, Mr N purchased a new car and contacted BISL to get a quote for changing the insured vehicle.

As Mr N was unhappy with the increased price, he asked to cancel the policy mid-term. BISL arranged cancellation as requested, and provided a refund to Mr N. However, Mr N complained to BISL that they'd charged him the cancellation fee twice and the refund he'd received was less than he thought it should be.

BISL responded to Mr N's complaint and explained how they'd calculated the refund. As Mr N remained unhappy, he approached the Financial Ombudsman Service.

One of our investigators looked into things but he didn't uphold the complaint. He said Mr N hadn't been charged a cancellation fee twice, and the calculation and refund Mr N had received was correct. So, he didn't ask BISL to do anything further.

Mr N didn't agree so the case was passed to me for a final decision.

I was minded to reach the same overall outcome as our investigator on part of the complaint, but I also thought BISL needed to do more. So, I issued a provisional decision to give both parties the opportunity to comment on my initial findings before I reached my final decision.

What I provisionally decided – and why

In my provisional decision, I said:

"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 minded to reach the same overall outcome as our investigator, that BISL hasn't charged a cancellation fee twice as Mr N alleges. However, although a minimal amount, I still think BISL needs to do more as it appears that Mr N hasn't received the full refund he's entitled to. So, I'm issuing a provisional decision to give both parties an opportunity to comment on my initial findings before I reach my final decision.

Mr N paid £177.34 for his car insurance when taking out his policy via BISL. This was broken down as follows:

- *£117.89 annual insurance premium*
- *£14.45 No Claims Discount (NCD) protection*
- *£45 Intermediary Services Fee*

The Intermediary Services Fee is non-refundable after 14 days as outlined in the policy terms:

"Intermediary services fee

Included in the total cost of your policy is a fee of £45.00 that We charge you for the separate intermediary services We provide in arranging, servicing and renewing your car insurance policy. This fee does not relate to any of the additional add-on products We may have arranged for you. If you cancel your policy after 14 days this fee will be non-refundable."

This means that from the total £177.34 paid, if the policy was cancelled after 14 days, the £45 Intermediary Services Fee wouldn't be part of any proportionate refund calculation. And the policy terms also outlined a cancellation fee would be charged in the event of cancellation after 14 days:

"Cancellation fee

If either you or We cancel more than 14 days after receiving your policy documentation We will charge you a fee of £45 plus the cost for the period of cover you have benefitted from."

Although Mr N says he's been charged a cancellation fee twice, he's only been charged a cancellation fee once. The other £45 which Mr N refers to as a cancellation fee, is actually a non-refundable (after 14 days) Intermediary Services Fee that he paid when taking out the policy as outlined above. Mr N also says that this wasn't explained in the webchat he had with BISL before he cancelled the policy, however I don't agree as he was told:

"Total due for period of cover... Intermediary Services Fee £45.00 (This fee is non-refundable after 14 days of setting up the policy). Payment received so far...cancellation fee of £45.00 applied...Let me know if you would like to proceed?"

As Mr N asked to cancel his car insurance 88 days into the policy term, this means he'd used the following:

Annual premium	Cost per day (Annual premium divided by 365)	Cost per day multiplied by 88	Annual premium paid minus cost for days used = unused premium
£117.89 (Base insurance premium)	£0.32298	£28.42	£89.47
£14.45 (NCD protection)	£0.03958	£3.48	£10.97

Therefore, after deducting the cancellation fee (£45) from the unused premium amount (£100.44) this leaves a refund amount of £55.44 due to Mr N.

However, BISL actually refunded Mr N £55.43. Although it is only £0.01 difference, the refund provided is still short of what it should be, even accounting for amounts being rounded off. And although it's only one penny, this is still money that Mr N is due, which hasn't been paid to him.

So, unless anything changes as a result of the responses to my provisional decision, I'll be directing BISL to pay a further refund of £0.01 to Mr N. Although BISL incorrectly calculated the refund amount, given the very low amount involved in the miscalculation, I don't intend on directing BISL to pay compensation or interest on top of the additional one penny refund."

So, I was minded to uphold the complaint and to direct BISL to provide a further refund of £0.01.

The responses to my provisional decision

BISL responded and said they agreed with the provisional decision. However, they also said that due to system limitations, they are unable to process refunds lower than £1. So, BISL said they'd be willing to refund £1, rather than £0.01.

Our investigator explained this to Mr N, and he said that whilst he didn't really agree with the provisional decision, he'd be willing to agree to the £1.

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.

And I've thought carefully about the provisional decision I reached and the responses to it. As neither party has provided anything in response to my provisional decision which would lead me to reach a different conclusion, my final decision remains the same as my provisional decision, and for the same reasons.

I note that BISL has said the minimum refund their systems will allow is £1. However, I'll still be directing BISL to pay Mr N £0.01, as that's what I've calculated he is due from the refund after cancellation, so I won't be directing them to pay £1. But if BISL decides to pay £0.99 more than this due to system limitations, then that is their decision to make.

My final decision

It's my final decision that I uphold this complaint and direct BISL Limited to:

- Provide a further refund of £0.01 to Mr N

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 13 October 2025.

Callum Milne
Ombudsman