

## **The complaint**

Mrs E complained that Hastings Insurance Services Limited (“Hastings”) unfairly referred a disputed charge to a debt collector and failed to respond to a Subject Access Request (SAR) regarding her motor insurance policy.

## **What happened**

Mrs E said she changed vehicles and switched insurers in April 2025 due to better pricing. She said Hastings then cancelled her policy and charged a cancellation fee for £47.87. Mrs E said no written communication was received regarding this charge. Rather this was only mentioned orally during a phone call.

Mrs E explained that she changed address and notified Hastings of this on 15 May 2025. But despite this she said the business referred her account to a debt collection agent (DCA). She said this was done without adequate written notice, which denied her the opportunity to settle or dispute the charge.

Mrs E has referred to regulations set by the Financial Conduct Authority (FCA) that she said Hastings failed to adhere to in these circumstances. She also said that it closed her SAR prematurely. Mrs E didn't think she'd been treated fairly and complained.

In its final complaint response Hastings said it told Mrs E about her outstanding balance when she called on 19 April 2025. It said she didn't mention an address change at this time. The business explained it had sent emails, letters and text messages informing Mrs E of the overdue debt and the potential for DCA involvement. Once it was aware of her new address, on 15 May, it updated its records and sent a letter, to this address, confirming the debt would be passed to a DCA.

Hastings explained that an email was sent to Mrs E on 16 May 2025. This included a link so that she could provide proof of identity for her SAR. It said this link was valid for seven days. As no response was received in the timeframe advised, the request was closed.

Mrs E still felt she had been treated unfairly and referred the matter to our service. Our investigator didn't uphold her complaint. She thought Hastings had been clear that a cancellation fee applied when the policy was taken out. She didn't think £45 was disproportionate to cover its administration costs. And our investigator thought adequate notice was given for the outstanding debt and the subsequent referral to a DCA.

Mrs E didn't accept our investigator's findings. She maintained that Hastings' communication had been poor and disagreed that the cancellation charge was fair. Mrs E asked for an ombudsman to consider her complaint.

It has been 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.

Having done so I'm not upholding Mrs E's complaint. Let me explain.

### *Cancellation fee*

We don't think it's unreasonable for an insurance broker to charge a cancellation fee when a policyholder cancels within an agreed contract term. But there are certain points that I need to consider.

Firstly, I need to be satisfied that Mrs E was made aware of the cancellation fee when she took out the policy. Hastings provided a screen shot that shows the cancellation terms detailed on its website. This confirms a cancellation fee of £45 applies if the policy is cancelled after 14 days. Mrs E was around four months into her policy term when she cancelled. So, on the face of it, Hastings charged this fee correctly in line with its terms and conditions.

Mrs E has referred to the FCA's Insurance Code of Business Sourcebook ("ICOBS") rules. I note her comments that it's not sufficient for cancellation wording to exist somewhere. But rather that this must be prominent and presented "*pre-liability*".

Hastings hasn't shown that the cancellation information was highlighted as part of the online quote process. So, I think Mrs E makes a valid point. However, I need to consider whether this made a material difference to her agreeing to the policy in the first place.

I don't think it did. I say this because it's common practice for insurance brokers to charge an administration fee when dealing with cancellations. The level at which Hastings fee was set falls within what our service considers a reasonable fee for administration costs. This is at the lower end of the scale. I think it's unlikely Mrs E would have found an alternative provider that didn't charge a cancellation fee.

Under the ICOBS rules a cancellation fee can't include an element of profit and must be proportional to the service provided. But as I said our service doesn't think £45 is unreasonable in these circumstances to cover the administration costs of cancelling the policy mid-term.

Mrs E's policy confirms her insurer will charge for time on cover that is owed when the policy is cancelled. She was charged £47.87. This included Hastings's £45 cancellation fee and £2.87 for the unpaid time on cover. This aligns with Mrs E's policy terms and conditions. So, I don't think the business treated her unfairly.

### *Communication*

Hastings sent Mrs E an email on 19 April 2025 that confirmed her policy had been cancelled. She provided a copy of this email, so it's not disputed that she received it. The email confirmed a balance of £47.87 was payable and would be collected in three instalments using the Direct Debit instruction Mrs E had in place. The email explained failure to make payments could mean information about this being sent to the credit reference agencies.

I've listened to the call recording when Mrs E cancelled her policy. Hastings's agent told her there was £47.87 outstanding on the policy. £45 in respect of a cancellation fee and the remainder was for time of cover. During the call the agent explained that if the balance remains outstanding this may be referred to a DCA. Additionally she explained Mrs E could recoup the cancellation fee if she took another policy through Hastings within 30 days.

Mrs E cancelled her Direct Debit instruction. This meant payment couldn't be collected by Hastings. I can see a chaser letter was sent to her on 13 May 2025 entitled "*Your debt needs to be paid*". Instructions were included explaining how Mrs E can make payment. It was also explained that failure to pay or make contact by 27 May could mean the matter being passed to a DCA. The possible impact of this on Mrs E's credit record was explained.

Mrs E explained that she contacted Hastings to confirm her new address on 15 May 2025. The records show an email and a text message were sent to Mrs E on this date regarding her outstanding debt. A letter was to her new address 5 June. This was also sent by email. I've seen records to show when and how this correspondence was issued. The letter confirmed the debt had been passed to a DCA. It said this company would be in contact to discuss next steps.

Mrs E refers to the FCA's Consumer Duty ("the duty") in her complaint. She said this required the business to ensure communications were timely, effective and comprehensible. Also that its communication supported her to be able to act in her interests.

I've thought carefully about the duty, ICOBS and the evidence showing what communication Hastings sent to Mrs E and when. I'm satisfied that Hastings did communicate clearly with Mrs E. Its communications were sent via several different methods. It chased Mrs E when it received no response. It then engaged a DCA around seven weeks after it had first informed Mrs E of her outstanding debt. The business also made it clear when Mrs E cancelled her policy over the phone that she needed to pay £47.87 and what could happen if she didn't.

Based on this information I don't think Hastings treated Mrs E unfairly. She was made aware of what she owed when the policy was cancelled. Hastings isn't responsible for the delay in Mrs E updating her address details. But I don't think this had an impact anyway. Mrs E was clearly aware of the debt and was contacted via email and text message, as well as by post with further information and reminders.

## SAR

Hastings explained that a link was sent to Mrs E to provide her identification. This was to allow it to process her SAR. Mrs E doesn't dispute receiving this. But she does consider the seven day time frame Hastings allowed for her to respond was too short.

I acknowledge Mrs E's concerns. But I don't think seven days is unreasonable for her to have provided this information via the link provided. Mrs E hasn't explained why she was unable to respond to this in time. But if this wasn't possible, I think she could reasonably have mitigated this issue by contacting Hastings to ask for a renewed link.

Mrs E said that not receiving information via her SAR meant she didn't have the necessary details to challenge the cancellation fee or the referral to the DCA.

I've thought carefully about this point. But Mrs E didn't respond when she was asked to with her identification details. Had she done so this would not have been an issue. I'm satisfied from what I've read that the charges were correct and the referral to the DCA was reasonable because Mrs E didn't pay her outstanding balance.

## Credit file

I acknowledge Mrs E's concern with respect to the impact an adverse credit record could have on her.

Hastings said the initial referral to the DCA would not have an impact on Mrs E's credit

score. But it explained that it isn't responsible for - or aware of - any records the DCA may have made.

I can understand Mrs E's concerns. But my role here is to consider whether Hastings treated her fairly and reasonably. I think it did. The indication is that there won't be any adverse record as Mrs E paid the outstanding balance once it was referred to the DCA. But if there is, I don't think this is the result of Hastings acting unfairly.

Having considered all of this, and for the reasons I have explained, I don't think Hastings treated Mrs E unfairly. So I can't reasonably ask it to do anymore.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 26 December 2025.

Mike Waldron  
**Ombudsman**