

The complaint

Mr O complains about how Somerset Bridge Insurance Services Limited (“SBISL”) cancelled his car insurance policy and handled his premium refund.

What happened

Mr O bought a car insurance policy starting in February 2025, which was arranged through SBISL as a broker, via a comparison website. He arranged to pay for the policy via a third-party premium finance company.

SBISL noticed that Mr O hadn’t provided driving licence numbers for him and a named driver. It asked him to supply these within 21 days of the policy starting, and chased him up when it didn’t get a reply. Mr O provided his driving licence number, but not the named driver’s.

SBISL said it would cancel his policy if it didn’t hear from him. It proceeded to cancel the policy on 7 March, about 32 days after it began.

Mr O then contacted it, provided the details and asked that his policy was reinstated. Mr O provided the licence number, but he’d been asked to call SBISL back to confirm everything. Because he didn’t do so, his policy remained cancelled.

SBISL provided Mr O with a breakdown of the amount it said he owed it, which was £92.90. When he complained, it waived the £75 Cancellation Fee reducing the balance to £17.90.

He asked SBISL for a breakdown of the amounts owed and paid, but SBISL wasn’t clear about the structure of it. It said it would refer his debt to a debt recovery company.

As he remained unhappy, Mr O brought his complaint to this service. He asked that his debt was cleared and that SBISL wouldn’t pursue him for any remaining amounts.

Our investigator looked into it and thought it would be upheld in part. She said Mr O’s debt was clarified and then waived. But she thought it had handled the cancellation of his policy fairly as it had given him lots of notice about what was happened. She thought SBISL should check the figures it used when it cancelled and refunded Mr O, and refund him if it found further problems. She also thought it should pay him £100 compensation because of the way it hadn’t been clear about the amount he owed, but she didn’t think she could say that he wouldn’t be pursued for any outstanding amounts in case more was due, for example, from the premium finance provider.

Mr O agreed with the view. SBISL said it thought it acted fairly and didn’t agree with the compensation.

Because it didn’t agree, this complaint has been passed to me to make a decision.

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.

I want to assure both parties that I've read the complete file, even if I don't refer to it here. This is because Mr O has agreed with the view, and because SBISL has waived the outstanding amount it said it thought he owed.

I've looked at the way his policy was cancelled and the reasons behind it, and I think SBISL's actions were fair and reasonable, and signposted to Mr O appropriately. As I've said, Mr O agreed with this.

Looking at the fees charged by SBISL. These were an arrangement fee of £85.81, and a £75 cancellation fee. SBISL later waived the cancellation fee and I think this action is fair.

The premium for the 'core' part of his car insurance policy, was refunded on a pro-rata basis and I think that's fair.

The other part of the cover he bought was roadside recovery. This cost him £73.99 and under the refund he was apparently charged £34.17 for the cover he'd had. But I can also see the insurance company for that product told Mr O that it would be refunded on a pro-rata basis, after SBISL's commission was removed. I can see SBISL took some significant time to understand this and I'm not sure it told Mr O about it accurately, but the overall amount it charged him seems to be in line with the policy wording.

In the statement of account provided by SBISL, there's also an interest charge of £49.55. Mr O has said that the finance provider told him it didn't recognise this amount. I can see in the file that it seems to relate to the way interest is charged higher at the start of an agreement than at the end.

But as I mention above, it seems to me that Mr SBISL has caused Mr O significant confusion about the refund following cancellation of his cover. This confusion continued several months after it was carried out, and I still don't think SBISL or Mr O understand exactly what the financial situation is and how it can be rectified. Certainly, the task of explaining the refund should have been within SBISL's grasp at a much earlier point than it ultimately was.

So, I think it's fair to say that SBISL now needs to re-calculate the terms of the product cancellation and refund to check whether its figures were correct. If it finds that he's owed a further amount, then it needs to pay him that.

Taking everything into account, I think SBISL has caused Mr O some inconvenience by its actions. It told Mr O it had engaged debt collectors which I can see has caused him worry.

I've said above that SBISL has now waived the amount it thinks was owed by Mr O, and I think that's fair. But as laid out in the view, I think it's caused him distress by not being able to explain its methodology, and I think it should pay him £100 compensation for that and the instruction of the debt collectors without understanding what the amount of Mr O's debt was, which caused him worry.

My final decision

It's my final decision that I uphold this complaint. I direct Somerset Bridge Insurance Services Limited to pay Mr O £100 compensation for his distress and inconvenience. It also needs to check the details of the policy cancellation and refund it issued him, and return any extra to him.

Somerset Bridge Insurance Services Limited must pay the compensation within 28 days of

the date on which we tell it Mr O accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 31 December 2025.

Richard Sowden
Ombudsman