

The complaint

Miss W complains that First Central Insurance Management Limited charged her for a motor insurance policy that she didn't have.

What happened

Miss W had a policy with First Central from July 2023 to July 2024. The policy was on automatic renewal, so documents were issued to Miss W stating that it was due to renew for a year from 30 July 2024. First Central asked Miss W to contact it before then if she didn't want that to happen. Miss W didn't want to renew the policy, but she didn't contact First Central until 30 July 2024. Initially, she was told the policy hadn't renewed, but in fact it had, although it was then cancelled immediately. Miss W was charged £8.61 for one's day cover and a £50 admin fee. First Central later removed the charges, given that she'd been told in error on the day that the policy hadn't renewed.

Eight months later, in March 2025, First Central received a direct debit indemnity claim from Miss W's bank. Four direct debit payments of £83.56 were reclaimed from the sums she'd paid for the 2023 – 2024 policy. A further claim was made in June 2025 for another month's payment for that policy, making a total direct debit indemnity deduction of £417.80. First Central asked for that sum back from Miss W, but she disputed that she owed it anything.

One of our Investigators reviewed Miss W's complaint. He advised her that First Central had made an offer in order to resolve her complaint – not to pursue her for the last direct debit claim she'd made. The Investigator thought First Central had acted reasonably, although Miss W didn't accept the offer. In his opinion, the evidence showed that the direct debit payments that had been taken back and credited to Miss W's bank account were for instalments on the policy that was in place from July 2023 to July 2024.

Miss W said First Central had told her to initiate the direct debit indemnity claim, but the Investigator said there was no evidence of that. He asked her to provide further information on the point, which she didn't do. Later, Miss W also said First Central had instructed debt collectors, who had continued to chase her whilst the complaint was being investigated.

As there was no agreement, the complaint was passed to me for review.

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.

Miss W says there was no valid renewal of the policy in July 2024, so any payments taken for it were in error and should not be treated as a debt. I think there was a valid renewal, as the policy was on automatic renewal, as many policies are. There's nothing wrong with that, as long as a consumer is given due notice of an upcoming renewal date, so they can choose not to accept the renewal. I think First Central did that by contacting Miss W on 8 July 2024

about the renewal. It said the policy would renew unless she contacted it to say she didn't want that to happen before the renewal date.

Unfortunately, Miss W didn't tell First Central she didn't want the policy to renew until the date the policy renewed on 30 July 2024. In my opinion, it was entitled to charge her for one day's cover, and to make a charge for cancelling the policy that day. First Central acted quickly once Miss W told it she didn't want the policy, by cancelling it. And it waived the total charge made that day of £58.61 given the confusion caused by an advisor telling Miss W her policy had *not* renewed. In my opinion, First Central acted reasonably on this issue.

Miss W seems to believe that First Central made charges through the direct debit system *after* July 2024 that weren't valid, as she no longer had a policy with it. But I don't think she's shown that's the case. The new policy was cancelled on 30 July 2024, the same day it started. First Central says it took no payments from Miss W after that date and I've seen no evidence that it did. If Miss W disputes that, she would need to provide evidence (such as bank statements) showing any charges First Central made by direct debit *after 30 July 2024*, when no policy was in place with it, but she hasn't done so.

Meanwhile, First Central has given us evidence of Miss W's direct debit payments for the 2023-2024 policy that ended in July 2024. It has also shown us the sums reclaimed by the bank on Miss W's behalf in March 2025. They were for the months of March 2024, April 2024, May 2024, and June 2024 (and amounted to £334.24 in total). But during those months, First Central had provided full insurance cover to Miss W, so I don't think she had the right to reclaim those sums. As she did, in my opinion, First Central was entitled to ask her for the money back. It hasn't pursued the repayment of the further sum Miss W's bank reclaimed for her in June 2025.

I haven't seen anything to show that an advisor from First Central told Miss W to initiate the direct debit recovery process, either in July 2024, or in November 2024, when she spoke to 'advisor J'. After that conversation, advisor J wrote to Miss W to say First Central had no record of a *current* policy for her. He said her new policy had been cancelled at the point of renewal, before a direct debit payment for it was due. He also said if Miss W could show that any payments had been taken for that policy, she should send her evidence to First Central.

Miss W may have found it confusing that advisor J said the policy was cancelled 'at the point of renewal, when in fact it renewed that day and a small charge was made. But he was right to say that the policy was cancelled before a direct debit payment for that policy was due. I think First Central has shown that the only payment taken for the renewed / cancelled policy was £8.61, for one day's cover, on 30 July 2024. Miss W hasn't shown that's not the case.

Miss W says she's been pursued for the money First Central says she owes, having been told by it that the recovery of funds from her was on hold whilst her complaint was investigated. This issue wasn't part of Miss W's initial complaint to First Central, or to us, She'd have to raise it formally as a complaint and await its response before we can review it.

As I don't think Miss W has shown that First Central has acted unreasonably, I can't uphold her complaint, but I hope my decision helps to clarify the situation for her.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 16 March 2026.

Susan Ewins
Ombudsman

