

## **The complaint**

Mr L complains that Hastings Insurance Services Limited cancelled his motor insurance policy after it had agreed an extension for him to make up missed payments.

## **What happened**

Mr L said Hastings agreed to provide him with an extension in order to make up missed payments for his policy. But its agent didn't record this on its system, and this led to Mr L's policy being cancelled. Mr L said this caused further events leaving him without insurance for a month. He then had to pay more for a new policy with Hastings. Mr L also said Hastings wouldn't quote for a replacement vehicle and sent him debt collection letters.

Hastings agreed that the cancellation had been caused by its error. It offered Mr L £250 compensation. But, after the complaint came to us, it increased this to £350 for the trouble and upset caused. And it offered to restore Mr L's position by removing £65 fees, charging him just for his time on cover, and refunding the difference between the costs of the two policies.

Our Investigator thought Hastings' offers to restore Mr L's position and to provide compensation for his non-financial losses were fair and reasonable.

Mr L replied that this offer didn't address all his complaint points. He thought his second policy with Hastings had been cancelled because of debt markers for the first policy. He said the cancellation mark on his credit record had meant he was quoted high deposits for further cover, which he couldn't afford, leaving him to buy temporary cover. He was also unhappy that Hastings had sent him a bill for the cancellation of his second policy.

Mr L wanted Hastings to refund the costs of his temporary cover, to waive the outstanding balance for his second policy, refund the difference between the costs of the two policies (as already offered), restore his No Claims Discount (NCD), provide an affordable quote or compensation for any extra cost he would need to pay, and pay him £500 further compensation for his trouble and upset. Mr L asked for an Ombudsman's review, so his complaint has come to me for a final 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 can understand that this has been a frustrating and stressful experience for Mr L, and I was sorry to hear this. Mr L has provided us with a helpful timeline of events to date, which I'll summarise.

Mr L said he changed his car on cover but due to Hastings' error his premium wasn't collected so he was left in arrears. Hastings then wrote to Mr L offering various ways to clear this debt. But its agent then agreed a 12-day extension for him to pay two months' premiums and so clear the debt. But it didn't record this, and the policy was cancelled.

Mr L then had to save for a month to afford the deposit for a new more expensive policy with Hastings, meaning that he was without insurance for a month. Mr L then had a non-fault

accident leaving his car a write-off. Hastings then said it couldn't find a quote for his replacement car. Mr L thought this was due to the debt markers from the previous policy.

Mr L couldn't afford the increased deposits required for new cover whilst his credit record was uncorrected. So Mr L said he had to take out more expensive temporary policies. He lost 10 months' NCD accrued and had the stress of receiving debt collection letters and not knowing why his replacement car was refused cover. And, as Mr L didn't replace his car on his policy, the second policy was cancelled leaving an outstanding balance owing.

Hastings agreed that it had made a mistake in not halting the cancellation process for 12 days as it had said it would. When a broker makes an error, as I'm satisfied Hastings has done here, we expect it to restore the consumer's position as far as it's possible to do so, and we expect it to compensate the consumer for the impact of the error.

But for Hastings' error, I think it's most likely that Mr L would have made up the missed payments, as he needed to be insured, and his initial policy would have continued. And so he wouldn't have had further debt markers on his credit record. He wouldn't have had to pay cancellation and other fees. And he wouldn't have had to declare the cancellation for his new policy and so pay a higher premium.

To restore Mr L's position, Hastings has offered to refund its charges for the cancellation and setting up the new policy, and to refund the difference between the costs of the two policies (offsetting the balance owed on the first policy against the refund). Hastings said the debt collection had had no effect on his credit record. And I think it should also remove the cancellation from Mr L's record, unless it has already done so. I think this means that Mr L would be in the same position as he would have been without the unfair cancellation.

But I can see that Mr L disagrees. He said he couldn't afford cover for one month (which I'll address below) and he also wanted compensation for the costs of the temporary cover he took out. But I don't think this would be fair or reasonable because:

- The temporary cover costs arose because Mr L couldn't afford the deposit for an annual policy after his second policy was cancelled. This was because insurers increased their quotes and the deposits required for new cover, and I can't reasonably hold Hastings responsible for their underwriting decisions.
- And from what Mr L has shown us of his credit record, the missed payment markers for the first policy had already been removed. Those that are on his credit record are dated after the first policy was cancelled.
- And I can't reasonably hold Hastings responsible for Mr L's financial circumstances.

So I don't think I can fairly require it to refund Mr L the costs of his temporary policies.

Mr L said he'd lost 10 months accrued NCD. I can see that his policy was cancelled after six months, and he took out a new policy a further month later. But he then had an accident and made a claim. And his insurer declined to accept the replacement car on his policy. From what I can see, Mr L didn't find another replacement, so the policy was cancelled.

So, even if the first policy had continued, Mr L wouldn't have completed a year's claim free driving because he made a claim (and his NCD was unprotected). And the policy would likely have been cancelled within the policy year for the same reason, the unacceptability of the replacement car. So I can't hold Hastings responsible for the loss of Mr L's NCD.

Mr L wanted an explanation for why the insurer wouldn't accept his replacement car on cover. Hastings has explained that it's not privy to the insurer's decisions. And so I think this is for Mr L to raise with the insurer. It follows, that Hastings isn't responsible for insurers' decisions to offer him cover or what price they charge. So I can't require Hastings to provide Mr L with an affordable quote or compensate him for any higher price he would need to pay.

Mr L said he was unhappy that his second policy had been cancelled, and Hastings was pursuing him for an outstanding balance. But, again, I think the timing and reason for the cancellation is for Mr L to raise with his insurer. However, it's standard industry practice, and in keeping with the policy's terms and conditions, that if a claim has been made and then the policy cancelled, the full year's premium becomes due. This is because the policy had been "used".

Hastings has offered Mr L £350 in total compensation for the impact of its error. I think this compensates Mr L for being without insurance for one month, for the trouble and upset caused by the error, and for the stress he has been caused by its failure to keep his first policy running. I think this award of compensation is fair and reasonable as it's in keeping with our published guidance for the impact of the error. And so I don't require Hastings to increase this further.

### **Putting things right**

I require Hastings Insurance Services Limited to do the following, as it's already agreed to do:

1. Remove cancellation and arrangement fees totaling £65.00 from the outstanding balance for the first policy.
2. Remove the cancellation of the first policy from Mr L's record, unless it has already done so.
3. Refund Mr L the difference in costs between the first and second policies by offsetting the £190.61 outstanding balance for the first policy and paying Mr L a refund of £250.05.
4. Pay Mr L £100.00 additional compensation (£350 in total) for the distress and inconvenience caused by the administration of his policy.

### **My final decision**

For the reasons given above, my final decision is that I uphold this complaint in part. I require Hastings Insurance Services Limited to carry out the redress set out above, as it's already offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 5 January 2026.

Phillip Berechree  
**Ombudsman**