

The complaint

Mr W complains that First Central Insurance Management Limited (“First Central”) wouldn’t refund the premium he’d paid for his car insurance policy when he cancelled it during the cooling-off period.

What happened

Mr W had a car insurance policy arranged through First Central covering his car.

He first bought cover from First Central to start in September 2024. In August 2025 he made a change to that policy and used an updated credit card (from a different account and different provider) to pay for it. His policy then renewed in September 2025 and First Central took payment from that new card.

He cancelled the new policy shortly afterwards, within the 14-day cooling off period.

First Central refunded £505.16 to the credit card he’d originally used to pay for his previous policy despite saying it would be refunded to the latest card he’d used.

Mr W complained. First Central said it could only refund to the original card due to fraud prevention regulations. It said it would pay him £50 for his inconvenience. It provided Mr W with an Acquirer Reference Number (‘ARN’), but Mr W said the bank had no records of his old credit card account.

Mr W remained unhappy and brought his complaint to this service. Our investigator looked into his complaint and thought it would be upheld. She thought First Central should refund Mr W and chase the missing payment itself.

First Central didn’t agree with the view and asked that this complaint was reviewed by an ombudsman, so it’s been passed to me to make 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.

Having read the file of evidence, I’m upholding Mr W’s complaint.

Mr W took out his policy in September 2025 using his new credit card. First Central had previously used that credit card to take payment, and used it again to take payment for this new policy.

When he asked for his policy to be cancelled, First Central paid the refund to an old credit card he’d used the previous year.

First Central provided a redacted screenshot of part of the online cancellation procedure followed by Mr W. This does ask Mr W to confirm his card details (which are redacted in the version I’ve seen) but states *“We can only refund money onto the card we already have on*

record for you and if that card is valid. If the card displayed is no longer valid then please contact us via live chat.”

There's a link for live chat next to this information.

But, given Mr W had twice used his new credit card with First Central, I think it's reasonable to think that the information displayed to him by First Central would be for that card.

I appreciate Mr W may have made a mistake in not checking the card details here, but First Central also wrote to Mr W and said: *“We'll refund it to the latest card or bank account we have for you, in the next 5 working days. If we don't have an up-to-date bank account details for you, we'll send you a cheque in the post instead.”*

The latest card he'd used was his new one – so I don't think it's fair or reasonable that First Central are able to say this mistake was Mr W's. It said it would refund to the card used to pay for the policy as part of its anti-fraud rules, but in this case it's actually refunded the money to a completely different account.

I asked Mr W about the status of the refund and he confirmed he'd received it back from the original card company shortly before this decision was issued.

But Mr W didn't think the £50 compensation he'd been paid was fair. He told this service about the number of calls and emails he'd had to make to obtain his refund due to First Central's error.

I've thought about this, and considered this service's guidelines on compensation. I think the appropriate amount should be set at £100, which includes the £50 already paid to him. But I also think First Central should pay interest on the £505.16 as Mr W couldn't access his own funds for a time. It needs to pay 8% simple interest on this amount, from the date Mr W cancelled his policy to the date he received the refund from his credit card company.

Mr W now needs to liaise with First Central to tell it what date that was.

This is a change to the view, which would normally mean I'd need to write a provisional decision, ask both parties for their comments, and then write a final decision. But I asked both parties whether they'd accept this resolution and both agreed, so I'm issuing this as a final decision to save time.

I also need to comment that Mr W asked that First Central updated or changed its processes. This service isn't the regulator, and we're unable to require businesses to change what they do. So I'm not able to ask First Central to do this, but I am upholding the remainder of Mr W's complaint.

My final decision

It's my final decision that I uphold this complaint. I direct First Central Insurance Management Limited to pay Mr W:

- A total of £100 compensation for his distress and inconvenience. It's my understanding that £50 has already been paid, so this can be deducted.
- Interest on £505.16 at 8% simple, from the date Mr W told First Central he wanted to cancel his policy, to the date he received the refund from his old credit card company and subject to him confirming the date he received it*.

*If First Central considers that it's required by HMRC to deduct income tax from that interest, it should tell Mr W how much it's taken off. It should also give them a tax deduction certificate if he asks for one, so he can reclaim the tax from HMRC if appropriate.

First Central must pay the compensation within 28 days of the date on which we tell it Mr W 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 W to accept or reject my decision before 6 May 2026.

Richard Sowden
Ombudsman