

complaint

Mr M has complained that Grove & Dean Ltd unfairly charged an administration fee when it cancelled a motor policy that Mr M was the named driver on. Mr M is being represented by Mr H, the main driver under the policy, in his complaint.

background

Mr M was a named driver on a motor policy under Mr H's name. Mr H bought the policy online through a broker, Grove & Dean. Mr H incorrectly said that Mr M's provisional licence was up to date. However Mr M noticed that it wasn't after checking with the DVLA. Mr M's provisional licence had expired in 2012.

Mr M contacted Grove & Dean the day after Mr H bought the policy and explained that his provisional licence details weren't correct. Grove & Dean told him that if the insurer knew that Mr M's provisional licence had expired, it wouldn't have provided a motor policy at all. So it cancelled Mr H's policy and charged its administration fee of £55. The insurer charged for its time on cover and its own fee which came to £8.24.

Mr M complained to Grove & Dean. He said that he had made a genuine mistake and didn't think the fee of £55 was reasonable as he explained the mistake to it within a day of buying the policy. But Grove & Dean said that whilst it understood it was a mistake, it wasn't wrong to charge its administration fee. It said it gave reminders during the application process for Mr H to check that the details he gave it was correct. And it clearly explained that it would charge £55 in the event of cancellation within the cooling off period before Mr H bought the policy online. As Mr H ticked the box to say that he agreed with its terms and bought the policy, it was fair of it to charge the fee. Although it didn't accept his complaint, as a gesture of goodwill it refunded to Mr H the insurer's charge of £8.24.

Mr M remained unhappy so he brought his complaint to us. The adjudicator who investigated it didn't recommend that it should be upheld. He was of the view that Grove & Dean had made Mr H aware of what it would charge him before he bought the policy. So he didn't think it was unreasonable to him by charging him £55.

Mr M didn't agree. So the matter has been referred to me to decide.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

It's not unusual for a broker to charge an administration fee for arranging a policy and any subsequent cancellation. This is because it's reasonable to assume that there is some work involved in dealing with the setting up of, and changes to a policy. We look at how a business explained any charges it would make within a cooling off period before a policy was bought.

Grove & Dean has provided a screenshot of the last pages that Mr H saw when he bought his policy online. It set out the price for the policy and listed "Important Information" that Mr H should read. In bold, it also titled "Agree to Terms". The paragraph below this was a declaration for Mr H that he had checked that the information he provided was correct. And it explained that the cooling off period would begin on the day the policy was bought online. In relation to charges, it read;

"If cancellation takes place during the cooling off period for any reason, including as a result of changes to information supplied to us online, you will be charged for the service provided by the insurer plus a £55 administration fee from ourselves."

Mr H was required to tick a box immediately below the agreement to terms before he bought the policy, which he did. I think that Grove & Dean clearly explained what it would charge Mr H in the event of cancellation before he bought his policy. So if Mr H didn't want to be subject to these charges, he had the opportunity to look for a motor policy elsewhere before buying this one. As Mr M's correct provisional licence details meant that the insurer wouldn't have provided a policy at all, I don't think Grove & Dean was unreasonable to charge its fee when the policy was cancelled. Its decision to refund the insurer's fee of £8.24 was also reasonable as it wasn't required to do this.

I know that Mr M is upset about its decision and I understand that the licence details weren't correct because of a genuine mistake. But I don't think enough care was taken when completing the application. Taking everything into account I don't think Grove & Dean was unreasonable to charge Mr H its administration fee. So it doesn't owe any refund of it.

my final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 February 2016.

Geraldine Newbold
ombudsman