Financial Ombudsman Service

complaint

Mr M complains that Eldon Insurance Services Ltd mishandled his motor insurance policy.

background

Eldon acted as an intermediary between Mr M and his insurer. He took out third party, fire and theft cover. He paid a deposit and agreed to pay a finance company the balance of the yearly premium by instalments. In an accident, Mr M's car was damaged beyond economic repair. Eldon cancelled the policy. Mr M complained that it wouldn't reinstate the policy. It later offered to waive fees totalling £100.

The adjudicator recommended that the complaint should be upheld in part. She thought that – although Eldon had cancelled Mr M's policy correctly – its later customer service caused him unnecessary stress and confusion. . She recommended that Eldon should - as well as waiving the fees – pay Mr M £175 compensation.

Mr M's representative agrees with the adjudicator's opinion.

Eldon disagrees. It says, in summary, that its waiver of the fees was fair compensation.

my findings

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

From the call recording, I'm satisfied that Eldon acted in line with Mr M's request to cancel the policy.

But Eldon's representative didn't mention the fee for cancellation - or the alternative of using the policy for a replacement car.

And – in later calls – Eldon gave Mr M and his representative incorrect information about cancellation.

Eldon didn't handle all of the calls as courteously as it ought to have done.

Overall I think it caused Mr M extra upset and put him to extra trouble at an already difficult time for him.

Eldon later gave a refund of the amount by which his payments exceeded what it said he should have paid for the period up to the cancellation date.

In its final response letter, Eldon offered to waive the cancellation fee and a direct debit fee – and to refund the total of £100. I think this went some way to putting Mr M in the position he would have been in if Eldon hadn't given him unclear and incorrect information.

But – keeping in mind the trouble and upset it caused him - I think that it's fair and reasonable to order Eldon to pay Mr M £175 compensation.

my final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I order Eldon Insurance Services Ltd to pay Mr M (in addition to a refund of fees totalling £100) £175 for trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 February 2016.

Christopher Gilbert
ombudsman