

complaint

Mr O has complained that Hastings Insurance Services Limited unfairly cancelled his car insurance policy.

background

Mr O bought a car insurance policy through Hastings Insurance Services (Hastings) in January 2018. It acted as the agent for the insurer of Mr O's policy. So it dealt with the cancellation of his policy.

In April 2018 it asked Mr O to provide a copy of his driving licence, V5 registration document and proof of his No Claims history. Mr P sent Hastings a copy of his driving licence. Because Hastings didn't receive everything it needed, it cancelled Mr O's policy on behalf of the insurer. It charged Mr O its cancellation fee of £45.

Mr O complained to Hastings. It apologised and said it hadn't given Mr O enough time to provide all of the documents. When it gave him seven days notice, this fell over the Easter bank holiday weekend. And Mr O had called Hastings but it hadn't called him back. So Hastings agreed it hadn't been fair to Mr O. If it had given him seven days notice, it said this may have prevented his policy from being cancelled.

Hastings paid Mr O £100 compensation and it refunded its cancellation fee of £45.

Mr O asked us to look at his complaint. He was unhappy that Hastings wrote to him after the date it cancelled his policy. He said this meant he was unknowingly driving for a few days uninsured.

Our investigator thought Hastings had acted reasonably. There were no consequences as a result of Hastings backdating the cancellation. He said Hastings noticed from Mr O's driving licence that he wasn't a UK resident since birth. This is what he told Hastings when he bought his policy. Hastings said this would have meant his premium would have been more.

Hastings told us that because it upheld Mr O's complaint, it usually would have also compensated him for any difference in premium Mr O would have paid when buying insurance elsewhere. But because he misrepresented information about his residency, in this case it didn't offer to pay the difference.

Mr O didn't agree with the investigator's view. He said Hastings didn't explain there was an issue with his driving licence to him. He feels this has diverted from his original complaint.

So he'd like an ombudsman 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.

Hastings on behalf of the insurer was entitled to ask Mr O for verification documents at any point while his policy was in place. This was explained in the policy document Hastings sent to Mr O when he bought his policy in January 2018.

However, the policy terms say Hastings will give Mr O seven days notice of cancellation. It wrote to Mr O giving seven days notice when there were two bank holidays within those seven days. So it agreed it hadn't given Mr O fair notice before it cancelled his policy.

It said that if it had, it may have prevented his policy from being cancelled. Hastings didn't receive proof of Mr O's No Claims history or V5 registration document. I can't say for certain that – had Hastings given Mr O the correct notice – Mr O would have provided all of the documents Hastings asked for and his policy wouldn't have cancelled. But I think Hastings was unreasonable to Mr O.

Hastings wrote to Mr O six days after the date it backdated the cancellation to. Mr O says he was unknowingly driving uninsured. He's very upset about this as he feels Hastings put him and other drivers in danger during this time.

Hastings told us it didn't record the cancellation until after it confirmed it to Mr O. So the Motor Insurance Database showed Mr O was still insured for those days while he was driving.

Mr O feels we've trivialised the significance of what Hastings did here. I can assure Mr O that this is not the case. But when things go wrong, we look at what happened rather than what might have happened. So although the consequences could have been significant, we know that Mr O was unaware Hastings intended to backdate the cancellation of his policy for those six days. And he was charged only for the days of cover until the cancellation date.

Fortunately there were no consequences as a result of Hastings writing to Mr O after the date it cancelled his policy to tell him. If there had been consequences, we would have considered whether Hastings had acted reasonably and done enough to put things right. For this reason, I don't think Hastings needs to increase the level of compensation it's paid Mr O.

The Statement of Fact Hastings sent to Mr O when he bought his policy recorded information Mr O provided when he bought the policy in January 2018. This Statement reads that Mr O told Hastings he was a UK resident since birth. But his driving licence shows he wasn't born in the UK. Hastings told us that if Mr O's licence had confirmed what he told it when he bought the policy, it would have further compensated Mr O by offering to pay any difference in premium (if any) he'd paid to buy alternative insurance elsewhere.

But Hastings said that Mr O's insurer would have charged him a higher premium because he wasn't a UK resident since birth. If Mr O's policy had continued, the additional premium would have been backdated to when the policy began in January 2018. So Mr O would have been asked to pay the extra amount. For this reason, it didn't offer further compensation to resolve Mr O's complaint.

Mr O is concerned that this information – which Hastings didn't share with him – has been raised by Hastings to divert from its wrong doings.

I can understand why this information might have caused some confusion. I agree with Mr O that it doesn't form part of his complaint. But it was an explanation Hastings provided to us to demonstrate that it had considered everything when it dealt with Mr O's complaint fairly. I don't think it detracts from his complaint.

Some insurers charge a higher premium if an insurer has cancelled a policy. Hastings has confirmed that it hasn't recorded the cancellation on any internal or external databases. This means Mr O doesn't need to declare that this policy was cancelled by the insurer. I think this is reasonable.

I think Hastings provided a poor service by failing to give Mr O sufficient time to prevent his policy from being cancelled. But overall I think it dealt with Mr O's complaint in a reasonable way. I think the compensation payment of £100 and providing a refund of its cancellation fee of £45 was enough to put things right. This means I don't think Hastings needs to do any more.

my final decision

For the reasons I've 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 O to accept or reject my decision before 24 November 2018.

Geraldine Newbold
ombudsman