

complaint

Mr B has complained about Hastings Insurance Services Ltd charging him an additional premium on his motor insurance policy after it altered his occupational status.

background

Mr B took out a motor insurance policy with Hastings over the phone on 17 March 2014. Cover commenced on 24 March 2014 and Hastings called to verify Mr B's occupation on 28 March 2014.

On the quotation Mr B advised that he was a postman. However, during the verification call with Hastings he advised that he distributed leaflets. Hastings advised Mr B that it would have offered cover but that the premium would have been higher.

Therefore, it requested an additional payment of £57.52, this included an additional premium of £22.52 and an administration fee of £35. Mr B disputed this fee and has advised that this is an unwarranted change to his policy. He asked Hastings to explain its position in writing and requested that the matter be put on hold while he complained to this service. Hastings failed to provide a written explanation as to why the additional premium was being charged and went onto collect the additional payment direct from his account without informing him.

Mr B complained to this service and our adjudicator upheld his complaint. As Hastings failed to provide any evidence of the questions asked at the time the policy was taken out or any evidence of the underwriting criteria he was satisfied that Hastings should refund the additional premium taken and pay compensation to Mr B.

As Hastings has failed to correspond with the adjudicator the matter has been escalated to me for a final decision.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

The issue for me to determine is whether Hastings acted reasonably in requesting an additional premium and admin charge from Mr B after his policy had commenced.

As Hastings have failed to provide any detail to the adjudicator I am satisfied that the complaint should be upheld. Hastings has agreed that it should be held responsible for the complaint, in full, and I do not propose to interfere with that position.

The Financial Ombudsman Service has a well established approach to complaints about non-disclosure. In order to show that it acted reasonably in increasing the premium, Hastings has to demonstrate that it first asked a clear question and that the answer to the question was incorrect. Secondly, it has to demonstrate that the insurer was induced to enter into the contract of insurance and had it known of the non-disclosure it would not have offered cover on the terms it did. Thirdly, if the answer to the first two stages is yes we go on to consider what kind of disclosure it was (whether the consumer's misrepresentation was an honest mistake, a dishonest attempt to mislead or due to some degree of negligence).

In this case, I have not been provided with a copy of the questions Mr B was asked when he took out the policy and so cannot conclude that Hastings asked a clear question and that Mr B answered the question incorrectly. Furthermore, I have not been provided with any evidence that, even if Mr B was asked a clear question, that the premium would have increased.

It follows, for the reasons outlined above, that Hastings has failed to show that the increase in premium or admin charge was fair as it cannot demonstrate that Mr B was asked a clear question when the policy was taken out. It follows that Mr B should, as far as possible, be put back into the position he ought to have been and that it should refund the increase plus interest.

Furthermore, I agree with the adjudicator that Hastings should pay Mr B £150 compensation. I say this as Mr B clearly believed that the charge was unfair and that he should be provided with a clear explanation as to why it was being applied. As this did not materialise he reasonably asked for Hastings to put the matter on hold while he complained to this service. I do not see this as an unreasonable request and I agree that the whole episode must have been stressful and inconvenient.

my final decision

It follows, for the reasons given; that I uphold Mr B's complaint and require Hastings Insurance Services Ltd to refund the additional charge of £57.52 adding interest at 8% simple per annum from the date of payment to the date of settlement, plus £150 compensation.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr B to accept or reject my decision before 23 February 2015.

Colin Keegan
ombudsman