

complaint

Miss L is unhappy that the Automobile Association Insurance Services Limited ("AA") have charged her a default fee for cancelling her direct debit instruction. She doesn't think she should have to pay them this.

background

Miss L took out a home insurance policy with the AA to start in March 2014. A direct debit instruction was set up to pay her monthly payments.

Miss L cancelled this direct debit because she says she thought she'd paid all the instalments due and she wasn't renewing her policy with the AA. Because she cancelled it, the AA sent her a letter explaining that there was a £12 administration fee.

There then followed some correspondence between the AA and Miss L addressing the number of payments made. From looking at these letters, I can see that Miss L accepted that there was a payment outstanding to the AA. But she said she shouldn't have to pay any administration charges because she'd never been given a payment schedule. And she could see there was a delay in her direct debit being set up which resulted in no payment being collected in April 2014.

The AA have sent us a copy of the letter they say they sent to Miss L in February 2014. This encloses the consumer credit agreement and a document outlining when the first payment will be taken (May 2014) and how many payments are due thereafter.

Our adjudicator didn't uphold this complaint because he thought that the AA had explained to Miss L when her payments would be collected and that an administration fee would be charged if the direct debit instruction wasn't maintained. Miss L didn't agree with this. She said she'd not received the AA's letter dated February 2014 and wanted them to send proof of postage. She thinks it's reasonable to assume that all payments will be collected within the life of the policy.

Because Miss L didn't agree, this complaint has been passed to me.

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 seems that Miss L accepts that there was a payment outstanding to the AA. And she's agreed to pay this. But because she's adamant that the AA didn't tell her when her payments would be collected, she doesn't think she should have to pay the default fee.

Having looked at the February 2014 letter the AA say they sent Miss L, I'm happy that this clearly explains when the first payment will be collected and when the payment will fall each month afterwards. Also, how many payments would be collected in total. From this information, Miss L would have been able to calculate when the last payment would have been. I can also see that the administration charges for failure to maintain a direct debit instruction are clearly set out.

That being the case, I need to decide if this letter was sent to Miss L as the AA say it was. I can see that the address the AA used on this letter is the same address they used for a letter Miss L was sent two days before. Miss L sent us a copy of this earlier letter as part of her complaint, so it seems that she did receive that letter. So, I'm happy the letter she's saying she didn't receive was addressed correctly.

I've no reason to disbelieve Miss L when she says she didn't receive the later February 2014 letter. But, equally, I've no reason to think that the AA didn't send this letter to her. Miss L says that the AA should produce evidence of postage in the form of a recorded delivery slip or certificate of postage. I don't think they do need to do this in the circumstances of this complaint.

It seems clear to me that they did produce this letter in February 2014 – they're able to send us a copy now. If they produced it, I've no reason to think they wouldn't have dispatched it. Whilst it's possible there was a problem with this arriving with Miss L, I think the AA have done what's required of them. I agree with the adjudicator who said that any problems with postage is not the fault of the AA. That would be the responsibility of the postal company.

So, for the reasons explained above, I don't uphold Miss L's complaint. And I'd suggest that if she's not already done so, she contacts the AA to reach a reasonable agreement for paying the amount outstanding to them.

my final decision

My final decision is that I don't uphold Miss L's complaint against Automobile Association Insurance Services Limited and don't require them to do anything.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 30 October 2015.

Lisa Wright
ombudsman