

complaint

Mr D and Mr A have complained about how Hastings Insurance Services Limited dealt with Mr D's motor insurance policy.

background

Mr D had a policy with Hastings, on which Mr A was the named driver. Mr D said that Hastings unfairly increased his monthly premium and that, after his policy was cancelled, they chased him for the debt. He said their actions also meant he'd had to sell his car at a loss.

Hastings accepted that they'd made some mistakes around the premium increase issue and their calculation of what Mr D owed them. They offered him some compensation for that. But they didn't accept any responsibility for him selling his car at a loss.

The investigator recommended that Mr D's complaint should be partly upheld. He didn't think that Hastings were liable for any loss on Mr D's sale of his car. But as regards the premium increase and calculation of the debt, he thought that Hastings hadn't acted fairly and reasonably and that they should increase their offer of compensation. Hastings didn't agree and so the case has been passed 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.

Mr D said that Hastings took more money from his account than he'd agreed. So he cancelled his direct debit. When he queried it with Hastings they said that they'd increased his monthly premium instalment because his No Claims Discount ("NCD") had expired and his annual mileage was more than they'd thought. They said they'd contacted him about those issues, but Mr D said he hadn't heard. He also said that he couldn't pay the higher premium, and he incurred bank charges when that premium couldn't be met from his account.

Because Mr D had cancelled his direct debit, Hastings cancelled his policy. Mr D said that this meant that he had to arrange to sell his car quickly, as he was away at the time, and so he had to sell it at a loss. He said that he also experienced stress because Hastings referred his debt to a debt collection agency who he said harassed him. He didn't feel that he owed what Hastings were claiming.

Hastings didn't accept that they were responsible for Mr D selling his car at a loss. They felt that he had other options at the time. But Mr D said that he'd nowhere to put his car off road so as not to have to insure it and that he was away at the time.

But he said to the investigator that he wasn't away for a long time. It seems unlikely that Mr D had no option to obtain alternative insurance by phone or online. So I don't think that Hastings's actions meant that he had to sell his car right away or that Hastings were to blame for any loss there.

However Hastings accepted that there were some things that they hadn't done right. When they discovered that Mr D's NCD had expired and his annual mileage had been recorded

incorrectly, they should have talked to him before they increased his premium. And if he didn't agree, his policy could have been cancelled then without penalty, rather than cancelled for non-payment after Mr D cancelled his direct debit. I agree with that. I see from Hastings's records that they do seem to have given Mr D the cancellation option in a letter, but I think they could have done more to engage with him about their planned premium increase and his options, given its implications for him.

Hastings also accepted that they'd wrongly calculated what Mr D owed them after his policy was cancelled. This was because they'd calculated it on their new revised premium, and included policy charges arising from that revision, rather than calculating it on the original premium Mr D had agreed to pay. This meant that Hastings had wrongly told Mr D that he owed them over £500.00 and pursued him for that, when he really owed only £65.55.

Hastings offered, as a gesture of goodwill, to write off the £65.55 that Mr D owed, so that he would no longer owe them anything. They also said that the issue wouldn't have any effect on Mr D's credit rating and the cancellation wouldn't go on insurance databases.

They also offered to pay Mr D £65.55 in compensation for the inconvenience they'd caused him, and to refund him another £37.07 to reflect their backdating his period of insurance to the date he sold his car. This meant Hastings offered to pay Mr D a total of £102.62. It appears that Hastings have already paid him that.

But I don't think that Hastings' compensation offer is reasonable. Hastings say that their process for debt collection would have been the same whether they'd asked Mr D for the £65.55 he correctly owed then, or the more than £500 they mistakenly thought he owed. They didn't think he'd have paid the correct amount of £65.55 either.

But I don't think that's a fair or reasonable assumption for them to make. It's entirely possible that Mr D would have paid the correct amount had Hastings fairly shown him that it was owed. Instead they wrongly requested and pursued him for a much higher amount than that, which he knew he hadn't agreed to. And he's clearly been very stressed by being asked to pay so much. And so I think to compensate him fairly for the distress and inconvenience they've caused him, Hastings should write off what he does owe under his policy, and refund him £37.07. But in addition they should pay him compensation of £150 to reflect the distress and inconvenience their actions caused him. Hastings can deduct from that amount the £102.62 if they've already paid it to Mr D and he's cashed it.

my final decision

For the reasons I've discussed above, it's my final decision that I partly uphold this complaint and I require Hastings Insurance Services Limited to do the following:

- Pay Mr D £37.07 plus interest at 8% simple per annum from the date Mr D sold his car until the date Hastings pay him
- Pay Mr D £150 in compensation for distress and inconvenience
- If Hastings have already paid Mr D £102.62 and he has cashed it, they may deduct that amount from the total of the above amounts they should pay.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 17 October 2019.

Rosslyn Scott
ombudsman

Hastings must pay the compensation within 28 days of the date on which we tell them Mr D accepts my final decision. If they pay later than this, they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

If Hastings consider that they are required by HM Revenue & Customs to withhold income tax from that interest, they should tell Mr D how much they have taken off, and give Mr D a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.