

## **complaint**

Mr A complains that IGO4 Limited has taken over £200 as payment for a car insurance policy that it cancelled after a month. He doesn't believe the cancellation was fair and would like a full refund.

## **background**

Mr A set up the policy on 7 October 2016. On 17 October the Motor Insurers Bureau (MIB) contacted IGO4 to ask if Mr A had insurance cover for his vehicle, but the registration number it gave was different to the one on Mr A's policy.

Mr A called IGO4 to ask if he could change the vehicle insured on 27 October 2016. IGO4 said he could do this online if he paid an admin fee of £35. Mr A did go online but didn't complete the process.

Mr A spoke to IGO4 again on 28 October 2016. He confirmed that his vehicle had been impounded by the police. He wanted to change the policy so that it applied to the correct registration number. Because of the problem that had arisen, IGO4 asked its validation team to look at what had happened. It decided that IGO4 could no longer provide cover and Mr A was advised that he needed to make alternative arrangements.

The policy was cancelled following a seven day notice letter on 8 November 2016. IGO4 refunded £22.35 from the direct debit it had taken totalling £204.36. It has deducted £107 for time on cover, and a cancellation fee of £75.

Mr A feels very strongly that IGO4 wasn't entitled to keep any part of the money he paid. He considers that by taking payment through the direct debit IGO4 has stolen his money. He has explained that he was the victim of fraud when he paid £2,000 for the car and was given the wrong registration document. His complaint has now come to me for review.

## **my findings**

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

When Mr A set up the policy, IGO4 was entitled to work on the basis that the information he provided about the car, including its registration number, was accurate. It had no way of knowing that Mr A had been the subject of a fraud.

Once the car was impounded and the problem in respect of the registration number came to light, I think IGO4 acted reasonably in asking its validation team to consider whether it could offer Mr A what would, in effect, be a new policy on a different vehicle. The decision not to provide cover was one that IGO4 was reasonably entitled to make. So I don't think that IGO4 did anything wrong when it told Mr A he needed to find another insurer.

The question then arises of whether IGO4 was entitled to take payments by direct debit. I think it was. At the time Mr A set up the policy, IGO4 had no reason to think that the policy wouldn't run for the full year. Mr A had agreed to pay for the policy using direct debits from his account. At the date of cancellation I'm satisfied that the £204.36 that IGO4 had taken was in line with the agreement it had entered into with Mr A. IGO4 has explained that £107 of the money it retained was for the time the policy was in force. The only other charge it

made was the cancellation fee of £75. Given my finding that IGO4 was entitled to cancel Mr A's policy, I think it was reasonable for it to charge a cancellation fee for the administrative work involved. I consider £75 was a fair amount to charge Mr A for cancelling the policy. The balance of £22.35 has been refunded to Mr A. So I don't think there is anything more that IGO4 needs to do.

**my final decision**

I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 14 May 2018.

Melanie McDonald  
**ombudsman**