

## complaint

Mr M, and his representative Ms M, complain that IGO4 Limited (trading as Hastings Direct SmartMiles) will not refund the annual premium to him after he cancelled his motor insurance policy.

## background

Mr M bought a second hand car and insured it through IGO4. But it did not actually have a valid MOT as it transpired it was forged. When he found this out some months later Mr M contacted IGO4 and asked it to cancel his policy which it duly did. IGO4 advised him that there was an outstanding balance due on the policy.

Mr M then complained to IGO4 as he expected his annual premium to be refunded from the start of the policy as he assumed if he had made a claim in the intervening period it would not have been covered under the terms of his policy given the MOT situation. Mr M remains unhappy and wants the full annual premium and payments to be refunded.

Our adjudicator recommended that the complaint should not be upheld. In summary she considered that:

- Ms M, acting on behalf of Mr M, had confirmed that Mr M had not discussed his assumption of not being covered under the policy with IGO4 or the policy underwriter. Instead he had assumed that the cover would be invalid and he then asked for the policy to be cancelled. It was not reasonable to hold IGO4 responsible for Mr M's assumptions. We cannot consider "*what if*" scenarios only the facts of the complaint.
- The policy was cancelled correctly by IGO4 on Mr M's instructions and the cancellation should not be back dated.
- Mr M had been covered by the policy until it was cancelled. So, the annual premium should not be refunded.
- The sum Mr M is being asked to pay by IGO4 is reasonable and in line with the policy terms. IGO4 was asking for the shortfall in the policy premium after the initial deposit and monthly payments had been deducted. The telematics box had not been paid for up front – a deposit had been paid and the remaining policy premium was being paid by direct debit. The telematics box and installation fee was non-refundable. IGO4 had significantly highlighted this fact and it was clearly highlighted under the "*Fees and Charges*" section throughout the online application process, on the IGO4 website and in the welcome letter and policy booklet.

Ms M on behalf of Mr M disagrees with the adjudicator's opinion and has asked for an ombudsman review. She says that Mr M had to cancel the policy through no fault of his own as his car had been sold to him with a forged MOT.

## my findings

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

Having done so, I agree with the conclusions reached by our adjudicator for broadly the reasons given.

Furthermore, Mr M believed and assumed that if he had been involved in an incident, the forged MOT would have automatically invalidated his insurance and any potential claim would not have been covered. But he made no attempt to clarify if this would have been the case with IGO4 or the policy's underwriter as would have been reasonable and prudent. The underwriter has subsequently said that it would not have automatically declined to deal with a claim given the forged MOT.

As Mr M's car was insured for some months I consider it is reasonable for IGO4 to charge for the time on cover (during which Mr M had the benefit of the insurance) along with any cancellation fee and the non refundable fee for the telematics box. These charges and their terms were all adequately drawn to Mr M's attention in the online application process and policy documents. It is also reasonable for it to seek to recover any outstanding balance from Mr M.

Overall I am not persuaded that IGO4 has done anything wrong. Mr M asked it to cancel his policy and it did so. I also do not find that I can reasonably require IGO4 to backdate the cancellation to the policy's start date, to refund any sums of money to Mr M or to write off or not seek to recover any outstanding balance.

Consequently, although I sympathise with the situation Mr M has found himself in, I see no compelling reason to change the proposed outcome in this case.

### **my decision**

My final decision is that I do not uphold this complaint.

Stephen Cooper  
**ombudsman**