

## **complaint**

Miss R complains that Swinton Group Ltd cancelled her motor insurance policy. She's also unhappy that it used a debt collection agency to pursue her for a debt.

Miss R wants the debt cancelled and compensation for the way things have been handled.

## **background**

Miss R took out a motor insurance policy with an insurer through Swinton.

In the final months of the policy she experienced problems with her direct debit payments.

As a result she owed £61.05. Swinton wouldn't accept payment from her. It said there were issues including with her No Claims Discount (NCD).

The insurer and Swinton agreed on the phone to accept Miss R's late payment and continue her motor insurance. Some other follow up actions were also agreed including that Swinton would confirm Miss R's NCD with her previous insurer.

Unfortunately, this call wasn't recorded by Swinton. And no record was kept on her file of this agreement or the agreed follow up actions.

As a result Miss R's insurance was cancelled. She had to take out insurance elsewhere.

Some months later Swinton instructed a debt collector to pursue Miss R for £230.17.

Our adjudicator recommended the complaint should be upheld. He thought Miss R hadn't been treated fairly. He recommended Swinton should:

- Pay Miss R £350 compensation for the way things have been handled and the distress and inconvenience she's been caused.

- Write off the original debt of £61.05. And if the collection of any money is now with another debt collector it should be cancelled.
- Any adverse markers, internal or external, related to debt collection activities should be removed.
- Reimburse Miss R for the cost of her phone calls to Swinton, subject to her providing evidence of them.

Swinton accepts that not recording the call or logging the agreement on its file caused the problems which Miss R is complaining about. Despite this, it doesn't agree with the redress recommended by the adjudicator.

Swinton says its "*inclined*" to pay £200 compensation, to remove the outstanding balance and reimburse all Miss R's phone charges subject to seeing evidence of them. It says that as these were long calls this will effectively increase its payment of compensation towards £350.

It also says there are no adverse markers against Miss R's record. And she doesn't need to disclose the cancellation of the policy to any future insurer.

## **my findings**

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

I must consider what redress is fair and reasonable in this case.

Its clear Swinton made an error in not recording on Miss R's file the agreement to accept late payment, continue her policy and carry out follow up actions. This led to her policy being cancelled. And it's clearly caused her considerable trouble, upset and inconvenience.

I think it would've also been embarrassing and inconvenient to have a debt collection agency pursuing her for money. Particularly, as Swinton had previously refused to take payment from her. More so as she was being chased for an amount nearly four times the £61.05 she originally owed.

Swinton says £200 compensation for this is enough. But I don't agree. Taking account of all the circumstances and the level of awards we make, I think £350 compensation for this is fair and reasonable.

Swinton has offered to cancel any outstanding balance. I think that's fair.

Swinton recognises Miss R spent a lot of time on the phone. Her calls included dealing with apparent problems with her NCD. It's effectively proposed that reimbursement of phone call costs should be part of the £350 distress and inconvenience compensation award. I don't think that's appropriate.

Subject to Miss R providing reasonable evidence of her phone call costs, I think Swinton should reimburse them to her. This is as a separate item of loss and is in addition to the award of compensation for her trouble and upset. I think it should also pay her simple interest on the call costs at the rate of 8% a year from the date each was paid until the date of settlement.

Swinton says there are no adverse markers on Miss R's internal or external record relating to the policy cancellation or debt collection. It also says Miss R needn't declare the cancellation of the policy to future insurers.

Even so, as the policy was cancelled because of Swinton's error, I think it's reasonable for it to take steps to protect Miss R's position with future insurers, in case these things become an issue.

I think Swinton should provide an appropriate letter to Miss R that she can show to future insurers. It should explain and confirm the position about the cancellation of the policy in error by Swinton, the debt collection and the internal and external markers.

Overall, I therefore agree with the adjudicator's proposed resolution of this complaint. I think it's fair and reasonable. And I don't see compelling reason to change it except, as I've said above, that interest should be paid on her phone costs.

## **my final decision**

For the reasons I've discussed above my decision is that I uphold this complaint. And I require Swinton Group Ltd:

1. To pay Miss R £350 compensation;
2. To cancel the outstanding debt;
3. To reimburse to Miss R the cost of her phone calls - subject to her providing reasonable proof of them. It should also pay Miss R simple interest on them at the rate of 8% a year from the date each was paid until the date of settlement;
4. To ensure there's no entry of any adverse information about the policy cancellation or debt collection on any internal or external databases and to remove any such entries that there may be; and
5. To provide Miss R with a suitable letter explaining and confirming the position about the cancellation of the policy in error, the debt collection and the internal and external markers.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 23 December 2015.

Stephen Cooper  
**ombudsman**