

complaint

Mr Q complains that when he cancelled his motor insurance policy, after scrapping his car, Hastings Insurance Services Ltd charged him a cancellation fee.

background

Mr Q bought a motor insurance policy with Hastings in May 2012 through its website. The policy was renewed in June 2013. Mr Q paid the premium by instalments through a credit agreement. In December 2013, he cancelled the direct debit for the instalments. When Hastings enquired about this, Mr Q told Hastings he had scrapped his car. Hastings therefore cancelled the policy and calculated what was due up to the date of cancellation.

Allowing for the rebate of premium (and interest) for the rest of the policy term, what Mr Q had already paid, and Hastings' cancellation fee of £55 for dealing with the cancellation, Hastings told Mr Q that he owed a balance of £28.53. However, Mr Q has refused to pay this. He says it is unfair for Hastings to charge a cancellation fee when he is simply scrapping his car and ending his insurance, not moving to another insurer.

Our adjudicator did not recommend that this complaint should be upheld. He said that the policy wording, and the policy schedule, supplied to Mr Q when he took out the policy clearly stated that a cancellation fee of £55 would be charged if the policy was cancelled outside the initial 14 day cooling out period. This information would also have been available before he purchased the policy online.

Hastings' terms and conditions did not make an exception for cancellation due to a car being scrapped. So he did not agree that Hastings had acted unreasonably in applying its cancellation charge.

Mr Q responded to say, in summary, that:

- it was not fair for Hastings to charge a cancellation fee when a car was scrapped, and did not need insurance any more, as distinct from being moved to another insurer or sold;
- he had not cancelled his policy in the first year, but after he had been with Hastings for nearly four years; and
- he had agreed the terms and conditions the first year he bought the policy. However, after that the policy had renewed each year automatically without his specifically agreeing each time to the terms and conditions.

my findings

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

I understand that Mr Q feels strongly that because he had scrapped his car, it was unfair of Hastings to charge him a cancellation fee for ending his insurance. It seems that his main objection is not the cancellation fee itself, but that Hastings applied it to him when he was an established customer, and when he cancelled the policy because, after scrapping his car, he had no further use for it.

However, from Hastings viewpoint, it has to carry out the same work whatever the reason for the cancellation. Its terms and conditions make it clear that it will charge a fee of £55 if the policy is cancelled during its term, and this is so whatever the reason for the cancellation. Whether or not Hastings chooses to waive a fee in the case of any particular customer is a matter for its discretion.

I am satisfied that Hastings took adequate steps to tell Mr Q about its cancellation charge, both when he first took out the policy, and on renewal. Accordingly I do not consider it has acted unreasonably in charging the cancellation fee, and so requiring Mr Q to pay a balance of £28.53.

my final decision

For the reasons I have set out above, my decision is that I do not uphold this complaint, and make no order against Hastings Insurance Services Ltd.

Lennox Towers
ombudsman