

## **complaint**

Mr H has complained that Hastings Insurance Services Limited delayed refunding a payment to him when he cancelled his car insurance policy.

## **background**

Hastings Insurance isn't the underwriter but it's responsible for the administration of the policy, including cancellation.

Mr H's car insurance policy was renewed automatically by Hastings on 24 September 2017. Two days after the renewal date, he called Hastings to cancel his policy. Hastings said the first payment was already in the clearing period, so it couldn't be stopped. It said when it cleared, it would refund it back to Mr H.

Mr H said he had to chase Hastings for the refund. He said the delay meant he'd incurred bank charges. Hastings apologised to Mr H and paid £95 for his bank charges and £150 compensation. When Mr H had called Hastings to chase for the refund, it agreed he'd waited too long to speak to an agent.

Mr H remained unhappy, so he asked us to look at his complaint. Mr H said he had to resign from his job as he couldn't afford to travel to work. He provided his bank statements to show the impact of the refund delay.

The investigator felt Hastings should pay a further £100 compensation to Mr H as it took almost a month for Hastings to refund the payment. In this time Mr H had borrowed money and had to pay the first instalment toward his new insurance policy.

Mr H accepted the investigator's findings. Hastings didn't agree. It said it sent Mr H a refund cheque three days after the payment cleared. It also said it sent him a further cheque to cover his bank charges a week later. It said it paid the refund by cheque as Mr H had paid by direct debit and this meets with money laundering regulations. Hastings was able to pay Mr H the £150 compensation by bank transfer – to avoid any delay.

Hastings said it gave Mr H 28 days' notice of renewal. If he'd contacted it before the renewal date, the payment wouldn't have been taken. So it feels for the delay of three days in issuing the refund cheque, it's fairly compensated Mr H.

I issued a provisional decision on 21 February 2018. I thought Hastings had paid a fair amount of compensation for any delay it may have caused. So I didn't intend to uphold Mr H's complaint.

Neither Mr H nor Hastings replied to my provisional decision. So the matter has been passed back 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. Having done so, I don't intend to uphold it.

As neither party has made any comments, my final decision is the same as my provisional decision.

Hastings has provided a copy of the renewal notice it sent to Mr H a month before his policy was due to renew. It said it would take the first payment on the renewal date of 24 September 2017. Mr H said he hadn't received this but I can see that it was addressed to the correct address. So, from what I've seen I don't think Hastings did anything wrong in this regard.

On 26 September 2017 Mr H called Hastings to ask it not to renew his policy as he'd found a cheaper policy elsewhere. Mr H thought his renewal date was on 28 September. But the agent explained that the payment was already in the clearance period, so it would be refunded within five working days of when it cleared. Hastings cancelled Mr H's policy. I don't think Hastings did anything wrong here. It collected the first payment on time – and so it had to wait for the payment to clear through the banking process before it could arrange a refund.

According to Hastings the payment cleared on 3 October 2017 and I can see the money left Mr H's account on 28 September 2017. Hastings has shown us that it sent a cheque to Mr H on 6 October 2017. So it delayed refunding the payment to Mr H by three days. Hastings has given its reason for paying the refund by cheque rather than bank transfer. I don't entirely agree it was necessary in order to comply with money laundering regulations. But while it would have been quicker to return the payment direct to Mr H's account, we can't say a business is unreasonable for choosing a different payment method.

In any event, Hastings accepted that its delay providing the refund caused Mr H upset and incurred bank charges. So it paid him £95 for his bank charges (without proof) and £150 compensation. Part of the £150 compensation was for Mr H having to wait to speak to an agent. Mr H didn't think this was enough. So I've looked at what Mr H has provided to see if Hastings should increase the amount it's paid him.

From Mr H's bank statements I can see he deposited the cheque payments on 12 October 2017 (£225.28) and 19 October 2017 (£95).

Mr H's bank statements show that he paid £259 on 2 October 2017 to another insurer. But because Mr H's account was already in its agreed overdraft limit when Hastings collected the first payment – and was still within the overdraft limit when the refund cheque was paid – I can't see how the impact of Hastings' delay warrants a further compensation award of £100. It's also difficult to see if Hastings is responsible for £95 bank charges – as Mr H appears to have gone over his agreed overdraft limit the month before. So I can't tell if any bank charges incurred were directly linked to a delay in receiving the refund from Hastings.

Mr H says he resigned from his job where he'd been working for three years – partly because he couldn't fund the travel costs to work as a result of the refund delay. Mr H resigned on 13 October 2017, the day after he deposited the refund cheque. I can't conclude that Hastings is responsible for Mr H's decision to resign from his job. And Mr H told our investigator this wasn't the only reason for his resignation.

Because Mr H contacted Hastings after his policy renewed and the payment was already being collected, it couldn't do anything before 3 October 2017. Even if he had to wait a few days for the cheque to clear, I think Hastings' total payment of £245 is a reasonable sum to compensate Mr H for any delay and bank charges he incurred.

This means I don't think it's fair to ask Hastings to increase its compensation award by a further £100. I think Hastings did enough to put things right.

**my final decision**

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 12 April 2018.

Geraldine Newbold  
**ombudsman**