

complaint

Mr A has complained that Hastings Insurance Services Limited failed to add a temporary vehicle to his motor insurance policy. He said this caused him additional costs and undue stress, for which he feels Hastings should pay him further compensation.

background

I issued a provisional decision on this complaint in September 2019, an extract of which is attached and forms part of this final decision. In my provisional decision I explained why I thought this complaint should be upheld. And I asked both parties to send me any further comments and information before I reached a final decision.

Hastings did not respond to my provisional decision. Mr A responded and confirmed he accepted the provisional decision. So I'm now in a position to issue my final decision.

my findings

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

Within my provisional decision, I explained that if Mr A could evidence that he's cancelled the alternative policy he took out with another insurer within three months of its inception, then Hastings should also pay Mr A any set-up, cancellation or administrative charges on his alternative policy, so that he pays no more than he would have under the original Hastings temporary vehicle cover.

Mr A has now confirmed that he cancelled his alternative policy on 16 October 2019. I appreciate this is just outside the initial three-month window set out within my provisional decision. But I still think it's reasonable to conclude that Mr A only wanted cover for around the three-month period he initially requested with Hastings, because the alternative policy was cancelled only 11 days outside this timeframe. So I still think Hastings should cover these costs.

As Hastings did not respond to my provisional decision, I see no reason to depart from my initial conclusions.

my final decision

I uphold this complaint. And I direct Hastings Insurance Services Limited to:

- pay Mr A the £70 it's agreed to, to cover the difference in the premium costs of the two policies. Hastings should pay interest on this amount at 8% simple from the date he purchased the alternative cover, to the date of settlement
- pay Mr A any set-up, cancellation or administrative charges on his alternative policy, so that he pays no more than he would have under the original Hastings temporary vehicle cover. And Hastings should pay interest on this amount at 8% simple from the date of refund on the alternative policy, to the date of settlement

- pay Mr A £100 for the trouble and upset caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 10 February 2020.

Brad Mcilquham
ombudsman

extract from provisional decision

background

In early 2019, Mr A contacted Hastings to add a temporary vehicle to his policy. But Hastings declined his request, because it said he'd already added temporary vehicle cover three times this year, which was the maximum allowed under his policy.

Mr A complained. He said he was allowed to add temporary vehicle cover to his policy for up to 28 days, on up to three occasions per policy year. And that the three occasions Hastings was referring to were in a previous policy year, so his request should've been approved.

Hastings investigated the matter and agreed it had made a mistake. It said that Mr A's request was declined because of an error that resulted in its systems not recognising a new policy year had started. So it apologised to Mr A, and sent him a cheque for £70.

Mr A said Hastings' decision meant he'd had to pay extra to insure his vehicle elsewhere, so he thought Hastings should pay him a higher level of compensation. But Hastings disagreed. So, unhappy with Hastings' offer, he brought his complaint to our service.

An investigator considered Mr A's complaint and recommended it be upheld. She said it had cost Mr A around an additional £60 to insure his vehicle for a three month period with another provider. And while Hastings' £70 offer covered this difference, it didn't take account of the cost of arranging his new policy of £120. So she said Hastings should increase its offer by £120. And asked it to pay Mr A £190 in settlement of his complaint, to reflect the additional costs he'd incurred as a result of Hastings' error.

Hastings accepted the investigator's findings, but Mr A disagreed, and said he felt he should be compensated between £300 and £500.

So as no agreement's been reached at this stage, the case has come to me, as an ombudsman, to decide.

my provisional findings

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

Mr A had wanted to add another vehicle onto his policy, and he'd previously done so on a number of occasions with no apparent issues. So to have had his request refused this time, resulting in him needing to take cover elsewhere, must have been frustrating. But Hastings has already accepted it made an error, so my decision will focus on what it needs to do to put things right.

From the evidence provided, I can see Mr A chose to take out an annual policy with another insurer in July 2019, costing him £970 for the year, which he's told us he paid up front. He also seems to have paid an arrangement fee for this policy of a further £120. And he only needed to do this because of Hastings' error.

The cost to insure this temporary vehicle with Hastings would have cost Mr A an additional £60 a month, had his request been approved. Whereas the pro-rata monthly cost without the arrangement fee on the policy he ended up taking out, was around £80. This means, he'd paid the equivalent of around £20 a month extra by having to insure this vehicle with another provider, which was an extra £60 over the three months he'd wanted to be insured for.

But Hastings initially offered Mr A £70 in settlement of his complaint. So I'm satisfied this offer suitably reimburses Mr A for the loss he experienced over the three months. And as Mr A has been without this money for a period of time, Hastings should add interest to this amount, at a rate of 8% simple from the date he paid for the policy to the date it makes payment to him.

The investigator that considered Mr A's case also thought Hastings should refund the £120 arrangement fee he paid to set up the alternative policy. As she felt this was an additional cost incurred as a result of Hastings' error. While I understand the investigator's findings, I don't think it's fair of me at this stage to tell Hastings to refund this fee. I'll explain why.

Mr A took out alternative cover around July 2019, as a result of not being able to insure his temporary vehicle with Hastings. But the policy he took out was for a 12 month period. Mr A said that this was the only length policy he could find, and he was unable to secure a three month policy elsewhere.

While I accept Mr A may not have been able to find an alternative three month policy elsewhere, I can also see that in a recent conversation with the investigator, Mr A said that he hadn't cancelled this policy as of yet. So at present, I have no way of being certain whether Mr A will go ahead and cancel this annual policy at the point he reaches three months of cover; or if he'll let it run for its full term. And this will have an impact on what I think Hastings needs to do to put things right - I'll explain.

If Mr A doesn't cancel this policy at the three month point, it would be reasonable for me to conclude he may have wanted to have been insured for longer than the three month period Hastings was offering. Therefore, it wouldn't be appropriate in these circumstances, for me to ask Hastings to refund the policy arrangement fee. As, if he wanted to be insured for more than three months, it's likely he would have had to pay this fee for another policy at the point the Hastings' cover would have expired.

To the contrary - If Mr A does cancel the alternative policy he took out at the three month period, then I'd likely conclude that he only wanted cover for the three months he initially requested with Hastings, and was unlikely to have sought a further policy when that cover expired. This would mean, that not only would he have paid an additional cost for both the arrangement fee and the policy itself, but would also likely accrue cancellation costs on the new policy, which he otherwise wouldn't have incurred, had it not been for Hastings' error. So I think any award I make, needs to take both the above points into account.

As well as the above, Mr A's complained that he thinks the fact he had to move his policy to another provider, will have affect his no claims discount (NCD), and feels he should be compensated for this.

But if Mr A cancels the alternative policy he took out around the three month point, it's unlikely he would have accrued any further NCD on that policy, as a customer's NCD usually increases with every full year of cover.

And if he had managed to insure his vehicle with Hastings – again, it would've only been for a maximum of three months, and not for the year required to accrue any additional NCD.

And I've seen nothing to suggest that the discount Mr A has under his existing Hastings' policy, will be in any way negatively impacted, as a result of Hastings' decision not to provide him with three months of temporary cover.

So from what I've seen, and from what Mr A's told me about his intentions, I think it's unlikely Hastings' decision has had any impact on his NCD. So I'm not telling Hastings' to do anything more in this regard.

I understand this has been a stressful situation for Mr A, and not being able to have a temporary vehicle added to his policy when he requested it must have been frustrating. So I currently intend to uphold this complaint.

To put things right for Mr A, I currently think Hastings should pay him the £70 it's offered, to cover the difference in the cost of the two policies in question. And, if Mr A can evidence he's cancelled his new policy within three months of its inception, then Hastings' should also cover any additional costs associated with the setting up and cancelling of this policy, so that Mr A pays no more than he would have under the Hastings temporary vehicle cover. As Mr A will have been without this money, Hastings should add interest to this amount at a rate of 8% simple, from the date Mr A bought the alternative policy to the date it makes payment.

I also think this matter would have caused Mr A undue stress. He's told us that he's had sleepless nights as a result of Hastings' error, and having to worry about how he will insure his vehicle. So I also think Hastings should pay Mr A £100 for the trouble and upset caused.