

complaint

Mr M complains that Hastings Insurance Services Limited cancelled his motor insurance policy and charged him for an amount outstanding even though his payments were up to date.

background

Mr M called Hastings to pay a missed premium instalment. He asked it to save his card details for a direct debit to avoid the need for future calls. Hastings said the direct debit was reinstated but Mr M's bank said the details were invalid. Hastings wrote twice asking Mr M to contact it. But he didn't do so and so Hastings cancelled the policy. Mr M thought Hastings had taken the details down incorrectly. Hastings said the policy had been cancelled correctly because it didn't have valid bank details for Mr M and he didn't provide alternatives.

Our adjudicator recommended that the complaint should be upheld. She thought Hastings' policy wording said that, in the event of a cancellation, it would write to Mr M at his latest address. But it had posted letters instead on Mr M's document portal. She thought this was poor customer service.

Hastings replied that it had sent Mr M's cancellation documents by post as well as to his online document portal. But the adjudicator thought it had cancelled the policy without allowing Mr M notice according to its policy wording.

So the adjudicator thought Hastings should remove records of the cancellation and ask the insurer to do likewise. And it should give Mr M a letter saying the policy had been cancelled in error. She also thought it should refund his cancellation fees, with interest, and pay him £100 compensation for the trouble and upset caused him.

Hastings replied that it had written to Mr M as soon as his bank had said there were problems with the direct debit mandate. So it thought it had cancelled the policy correctly.

my findings

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

Hastings said that it cancelled Mr M's policy because it didn't have valid bank details for him. Mr M's direct debit had failed in August 2017 and I understand that he paid for this over the phone. Then his September 2017 direct debit failed.

I've listened to the call Mr M made to Hastings to pay his September 2017 instalment. He said he'd had a letter from Hastings and the direct debit hadn't succeeded. He went through his account details and this was confirmed as correctly set up by the advisor. The direct debit was set up for his next instalment to come out of his account on 28 October 2017.

Mr M then asked to pay his September 2017 instalment over the phone. This was done and the advisor confirmed this. Mr M then asked if the bank card details had been saved on the system because he'd called the previous month as well. The advisor confirmed this.

So I think this should have left Mr M confident that his direct debit was reinstated and Hastings had saved his bank card details as well. His payments were up to date and his next direct debit was due on 28 October 2017. I can understand that he wouldn't respond to further letters from Hastings when he thought the issue had been resolved.

But there was a problem with the direct debit at Mr M's bank, for reasons that haven't been provided. So Hastings wrote to him on 2 October 2017 and on 11 October asking him to contact it. I think the letters were sent by post and online to Mr M's document portal. This accorded with his wishes and Hastings' terms and conditions. So I can't say that Hastings made an error in how they were sent. Hastings then cancelled the policy on 19 October 2017.

But the policy wording says that if Mr M is paying by direct debit, he must keep his payments up to date. And if an instalment failed, Hastings said it would then give seven days notice of cancellation. I think Mr M's instalments were up to date when Hastings cancelled his policy. Also, Mr M called Hastings on 23 October 2017 and this was before his next instalment was due. I think given the history of failed direct debits Hastings could have done more to try to resolve the problem before even threatening cancellation.

Hastings cancelled Mr M's policy even though his payments were up to date. And it didn't him seven days notice after a failed instalment, as its policy wording states. So I think Hastings cancelled Mr M's policy unfairly and it should restore his position. This poor level of service has caused Mr M avoidable frustration and stress. I agree with the adjudicator that Hastings should compensate him for this. I agree that £100 is appropriate as this is what I'd award in similar situations.

my final decision

My final decision is that I uphold this complaint. I require Hastings Insurance Services Limited to do the following:

1. Remove record of the cancellation from any internal or external databases and ask the insurer to do this as well. And provide Mr M with a letter saying that the policy had been cancelled in error.
2. Refund Mr M any cancellation fees that have been charged, adding interest at 8% simple per annum from the date of payment to the date of settlement.
3. HM Revenue & Customs requires Hastings to withhold income tax from that interest. It must give Mr M a certificate showing how much it's taken off if he asks for one.
4. Pay Mr M £100 compensation for the trouble and upset caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 21 July 2018.

Phillip Berechree
ombudsman