

## **complaint**

Mr and Mrs F complained that Hastings Insurance Services Limited mis-sold their European car breakdown policy.

## **background**

Mr and Mrs F took out insurance through Hastings for their two cars in 2015. Hastings acted as broker. Mr and Mrs F own a caravan which they use for holidays abroad. They also took out Hastings Direct Roadside, Recovery, Home Service and European Cover (European Cover) for the car they used to tow the caravan. The European Cover was an optional add on which they wanted for added protection. Mr and Mrs F said they took out the European Cover specifically because they thought it gave them cover for both their car and caravan in the event of a breakdown or accident, and that both their car and caravan would be recovered together.

The policy was renewed every year. In 2018, Mr and Mrs F decided they would no longer use the car with European Cover to tow the caravan, so they asked Hastings to transfer their European Cover to their second car. It was during that process that Mr and Mrs F were given conflicting information about the benefits of the European Cover, in particular they say they were told Hastings' final position was that the caravan wouldn't be recovered unless it was attached to/being towed by the car. Mr and Mrs F were not happy as they say they were told the caravan would be recovered together with the car in the event the car broke down, even if the caravan wasn't attached to the car at the time.

Mr and Mrs F complained saying they had been mis-sold the European Cover. They said that during a number of calls Mr F had with Hastings in 2015, he was told the car and caravan would be recovered together, whether or not they were attached at the time of the car's breakdown. Mr and Mrs F said this was discussed and confirmed during each of the subsequent renewal calls. Hastings didn't agree and said that wasn't discussed during the sales call in 2015, nor was it discussed during the renewal calls.

Mr and Mrs F complained. Hastings initially upheld the complaint saying they felt the sales representative in 2015 had misled them. Hastings also accepted that during the 2018 renewal, Mr and Mrs F were given a lot of conflicting information about the extent of their cover. To compensate Mr and Mrs F for the mis-sale of the policy and for the poor service, Hastings offered £95 being the cost of a year's European Cover, and £50 for the distress and inconvenience caused. Hastings also said that if Mr and Mrs F decided to cancel their existing European Cover, they would waive the £45 cancellation fee.

Mr and Mrs F weren't happy with the proposed resolution, so they complained to our service. One of our investigators looked into the complaint. She agreed with Mr and Mrs F and suggested Hastings should refund the full premium for the three years of European Cover and pay £100 compensation for distress and inconvenience.

As Hastings didn't agree with our investigator, the complaint was passed to me to decide.

My provisional decision was issued on 30 August 2018. I said:

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

*disappointing for Mr and Mrs F, but I'm only intending to uphold their complaint in part. I'll explain why.*

*In their complaint, Mr and Mrs F have made a number of detailed points and I've considered all those carefully. But in this decision I will focus on what I consider to be the key issues. My role is to decide if Hastings have acted in a fair and reasonable way.*

*I have listened to the sales call from June 2015. During the call, Mr F didn't ask if his caravan would be recovered together with the car in the event of a breakdown or accident. He did ask a number of specific questions, but I think his main concern was to ensure that, in the event of an incident, he would be able to continue his holiday with minimal disruption. For example, he asked if, in the event of an accident, a courtesy car would be given. And he asked if the courtesy car would be powerful enough to tow his caravan. Mr F then gave a scenario saying if he was 10 miles from his destination and he broke down, it would be good if he could be taken to his destination during which his car could be repaired and dropped off to him.*

*Hastings' representative did explain the main aspects of the European Cover and did respond to Mr F's specific questions, as I would expect. But I don't think it's possible to have expected the call representative to explain every benefit and exclusion of the policy. The full policy terms and conditions, together with other information, was sent to Mr and Mrs F soon after the call.*

*Mr and Mrs F say there were calls with Hastings other than the main sales call I have been provided, in which they were told both their car and caravan would be recovered together, whether or not the caravan was attached. But during the sales call I listened to, Hastings' representative, unprompted, explained that in the event their car wasn't repaired before their planned return to the UK, under the European Cover Mr and Mrs F's transport costs to get their car, caravan and passengers to the UK would be paid. In other words, their car and caravan would be recovered together. In response to that Mr F said: "that's cool, that's cool, that's what I wanted to hear, that's the bit I wasn't sure of, that's answered my question now". Had it been the case that Mr and Mrs F had prior discussions with Hastings where Hastings said they would recover the car and the caravan back to the UK (whether or not the caravan was attached to the car) I wouldn't have expected Mr F to respond in the way he did. Had there been a previous conversation about the circumstances in which the car and caravan would be recovered to the UK, I would have expected Mr F to have known what he was told in the sales call detailed above.*

*The European Cover defines Mr and Mrs F's car as "the motor Vehicle covered by Your Certificate of Insurance including a caravan or trailer whilst attached to it" [my emphasis]. Their policy goes on to say: "if the vehicle you are travelling in breaks down while you are towing a caravan or trailer, we will recover the vehicle and the caravan or trailer..."*

*So their policy would have recovered their car and caravan, provided they were attached at the time their car broke down. My understanding is that Mr and Mrs F also wanted cover when the caravan wasn't attached to their car, and they say that they were led to believe that Hastings' European Cover gave them that cover. But on the evidence I've seen, I can't say that Hastings misled Mr and Mrs F. I'm therefore not intending to uphold this part of the complaint.*

*For completeness, I want to comment on the final response letter issued by Hastings to Mr and Mrs F, in which they initially upheld their complaint. Hastings later went back on that saying their decision was wrong. I can see why they did that because having read that decision, it is clear that the author confused the car policy and the European Cover. But what is of note is that Hastings said they had spoken with the European Cover's underwriter who confirmed that both the car and caravan would have been recovered, even if the caravan wasn't attached. That is not consistent with the wording of the policy, but if it was correct it means that Mr and Mrs F had the cover they wanted.*

*When Mr and Mrs F wanted to transfer the European Cover over to their other car, there was confusion and inconsistency in the information provided by Hastings. Hastings accepted their service was poor and apologised. I'm therefore upholding this part of the complaint. But I think their offer of £50 compensation for the distress and inconvenience for poor service didn't go far enough. I therefore intend to require Hastings to pay £100 compensation. Hastings also said they would waive the cancellation fee if Mr and Mrs F decided to cancel their current European Cover, which I think is fair."*

The parties were invited to comment on my findings. Hastings didn't comment on my provisional decision. But Mr and Mrs F said:

- There are a number of missing phone "calls made to Hastings which show the level of their incompetence and misleading dialogue..."
- Hastings sent a letter that they later accepted contained incorrect facts, therefore they are surprised that I didn't think the policy was mis-sold on the basis of one conversation.
- During one telephone conversation alone, Hastings' members of staff were all disagreeing with each other, which shows the level of confusion on what they were offering and, together with the letter referred to above, it seems clear there is a case that the policy was miss sold.

## **my findings**

I've again considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, my findings remain the same.

In response to Mr and Mrs F's further comments, I would like to say the following:

- As I acknowledged in my provisional decision, there were some aspects of Hastings' service that was poor, particularly when Mr and Mrs F wanted to renew their policy in 2018. To reflect that I have said Hastings should pay £100 compensation for the distress and inconvenience that caused. But I don't think the poor service in 2018, in particular the misleading information given by a number of Hastings' staff, is proof that the policy was mis-sold in 2015.
- Mr and Mrs F refer to a letter they received from Hastings, which Hastings later accepted contained incorrect information. I believe they mean the letter dated 1 March 2018, which sought to clarify the extent of the European Cover. But that letter, like the inconsistent and confusing information given to Mr and Mrs F referred to above, was related to the 2018

renewal, and not when the policy was first taken out in 2015. I therefore don't think that the letter in 2018 containing incorrect facts is proof that the policy was mis-sold in 2015.

### **my final decision**

For the reasons set out above, I uphold this complaint in part.

I require Hastings Insurance Services Limited to pay Mr and Mrs F £100 compensation for the distress and inconvenience caused to them as a result of their poor service. If they pay later than this they must also pay interest on that amount from the date of my final decision to the date of payment at a rate of 8% a year simple<sup>1</sup>.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs F to accept or reject my decision before 14 October 2018.

Mehmet Osman  
**ombudsman**

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<sup>1</sup> If Hastings pay interest and consider that they're required by HM Revenue & Customs to take off income tax from that interest, they should tell Mr and Mrs F how much they have taken off. They should also give Mr and Mrs F a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.