

## **complaint**

Mr E complains that Skyfire Insurance Company Limited (trading as 1<sup>st</sup> Central) passed his debt for an outstanding premium due on his motor insurance policy to its debt collectors prematurely. He seeks compensation for its poor service and the hassle he has experienced.

## **background**

Mr E's previous complaint to us about 1<sup>st</sup> Central was closed after the adjudicator issued his opinion as we did not receive Mr E's request for the case to be reviewed (it had been incorrectly addressed). 1<sup>st</sup> Central then restarted its debt collecting activities for an outstanding premium but, instead of contacting Mr E directly to request the outstanding debt, it passed the amount due to a debt collection agency. Mr E contacted 1<sup>st</sup> Central's credit control department, who agreed to call him back, but did not do so. 1<sup>st</sup> Central accepted that it could have handled the debt collection better and that Mr E should have received a call back, and therefore it offered him £50 compensation. However, the amount offered was linked to the initial debt, which Mr E didn't believe was reasonable, or that it was enough.

The adjudicator did not recommend that the complaint should be upheld. Whilst he agreed with Mr E that the amount of compensation offered should not be linked to the initial debt, he did think that 1<sup>st</sup> Central's offer of £50 compensation was fair and reasonable. He explained that at the time 1<sup>st</sup> Central started its debt collection, it was of the opinion that Mr E's complaint with this service was resolved. Whilst it is accepted that 1<sup>st</sup> Central should have called Mr E back to discuss this, he did not think that it our role to question how a business carries out its day-to-day running.

Mr E responded that, although he accepted that his letter to us requesting a review did go missing, 1<sup>st</sup> Central had started its debt collection within the two weeks that he had to respond to us. He said that he was harassed daily by phone, text and email for eight weeks.

## **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 can see that this episode has caused Mr E hassle and aggravation. He feels that he has been unfairly harassed by debt collectors and that 1<sup>st</sup> Central has provided him with poor customer service.

There is no dispute that 1<sup>st</sup> Central's level of customer service could have been better. It accepted this when it wrote to Mr E after reviewing his complaint to it saying that it should, out of courtesy, have contacted him when it received its copy of our adjudicator's letter and asked Mr E to pay the money due. It explained that the debt collecting activities would not be reflected in Mr E's credit history and offered him £50 compensation. It reasonably agreed, after he protested, not to link this offer to the outstanding debt.

What is in dispute is the amount of compensation that 1<sup>st</sup> Central has offered Mr E. I can understand that Mr E feels strongly that he has been harassed without proper reason by the debt collection agency. However, it is not this service's role to punish insurers. When, however, we decide that an insurer has done something wrong, and the consumer has suffered a loss as a result, we can tell the insurer what they should do to put things right. This includes addressing non-financial losses, such as the emotional and practical impact of the insurer's mistake.

In Mr E's case, I find that while 1<sup>st</sup> Central's mistake did not cause him any financial loss, it did inconvenience him for a period when it sought, admittedly prematurely, to claim the outstanding debt, and this felt like harassment to Mr E. I find that 1<sup>st</sup> Central has reasonably accepted its error and has apologised to Mr E and offered him £50 in compensation. I consider that this is fair and reasonable as it is in keeping with the level of compensation that we would usually recommend in such circumstances and I find that I do not require 1<sup>st</sup> Central to increase its offer. It is open to Mr E to accept this offer if he so chooses.

**my final decision**

For the reasons above, it is my final decision that I do not uphold this complaint and I make no award against Skyfire Insurance Company Limited (trading as 1<sup>st</sup> Central).

Under the rules of the Financial Ombudsman Service, I am required to ask Mr E to accept or reject my decision before 4 December 2014.

Phillip Berechree  
**ombudsman**