

## complaint

Ms J complained about the amount Swinton Group Ltd charged her following the cancellation of her insurance policies. She was also unhappy about how she was pursued for the money owed.

## background

Ms J held home insurance through Swinton. When she cancelled the policy Swinton told her that £59.89 was owed and that it might attempt to take the money by direct debit. A week later Swinton told Ms J that as the money had not been paid it had passed the matter to a debt collector. Ms J complained to Swinton about the amount charged and about the fact it had been passed to debt collectors. She also cancelled her direct debit.

It turned out that the direct debit was also used to pay for Ms J's motor insurance (also through Swinton). As the direct debit had been cancelled, Swinton told Ms J that it was cancelling the motor policy and that £90.84 was owed. This was in addition to the £59.89 already owed.

Although it maintained that it correctly cancelled the home insurance policy, Swinton later agreed to write-off the amount owing (which had reduced to £51.59 as a direct debit payment had been received). The amount owing for the motor insurance policy remained.

Our adjudicator concluded that the complaint should be upheld. Briefly, he felt Swinton had treated Ms J unfairly as it had confused matters as the letters it sent had not clearly explained what was happening.

Swinton disagreed with our adjudicator. It said Ms J did not help herself by choosing to cancel the direct debit rather than continuing with her complaint. It also questioned the advice Ms J's bank gave to her about cancelling the direct debit.

## my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Our adjudicator reached his conclusion because of the way Swinton had handled the matter, not because he felt Swinton was not entitled to charge Ms J. I can see from the letters Swinton sent to Ms J how it arrived at the final figures; however, I cannot tell whether the figures are accurate and it is not clear to me what some of the charges were for. I do note, however, that the £50 cancellation fee charged by Swinton was detailed in its *Terms of Business*.

I have not dwelled on this too much because, like our adjudicator, I think the important issue in this case is not so much over the amount charged by Swinton but how it dealt with Ms J.

I can understand why Ms J found Swinton's correspondence threatening and aggressive. For example, Swinton sent a letter *a week* after the home insurance was cancelled threatening to pass the matter to a debt collector. In my view, this was completely unreasonable. I have not seen anything which suggests that Swinton had even attempted to collect the premium by direct debit by that point. Another example is Swinton's decision to cancel the motor insurance policy after the direct debit was cancelled. Whilst Swinton might

have been entitled to do so under its *Terms of Business*, I think it would have been much fairer to have contacted Ms J in the first instance to discuss the matter and seek payment by an alternative method. Ms J did not even know at that stage that she had inadvertently cancelled the direct debit for the motor insurance policy.

I can also understand why Ms J found Swinton's correspondence confusing. Apart from what I have mentioned above about the figures/calculations being unclear, some letters did not make it clear what policy was being referred to. What is also apparent is that one department of Swinton did not appreciate what another department was doing. At one point, one department confirmed that the outstanding amount had been written off, yet the very next day another department chased Ms J for the same payment.

In response to our adjudicator Swinton said that if Ms J continued with her complaint rather than cancelling the direct debit the outstanding debt on the home insurance would have been placed on hold. Given the confusing and threatening nature of the letters Ms J received from Swinton, I do not consider Ms J's actions in cancelling her direct debit unreasonable. In any event, Ms J first complained to Swinton on 10 September. Yet rather than placing the debt on hold at that point – as Swinton suggested it would – eight days later it wrote chasing the outstanding amount and threatening debt collectors. I do not find Swinton's argument persuasive. It is not supported by the action it actually took.

Finally, I do not think the advice Ms J received or did not receive from her bank has any relevance to this complaint. I am considering whether Swinton treated Ms J fairly, not whether her bank did.

So to summarise, I consider it likely that the amount charged by Swinton upon cancellation of the home insurance was fair and in line with its *Terms of Business*. It is also likely that Swinton was entitled to charge what it did upon cancellation of the motor insurance. However, I conclude that Swinton did not treat Ms J fairly in cancelling the motor insurance policy and in how it went about pursuing her for the money on both policies

The way Swinton handled the matter had an impact on Ms J. For example, the tone, content and confusing nature of the letters she received moved her to going to her bank and cancelling the direct debit. This had the knock-on effect of her driving without insurance. Although Ms J would not have been troubled by this at the time (as she did not know at the time that she was driving without insurance), I consider this would have caused a degree of distress when she found out. She also had the worry of potentially dealing with the debt collectors.

Overall, I think our adjudicator's recommendation that the entire outstanding premium be written off and Swinton pay £50 compensation is fair compensation for the trouble and upset caused.

**my final decision**

I uphold this complaint. I require Swinton Group Ltd to:

- clear the debt owed on the motor insurance policy (and the home insurance policy if this has not already been done);
- ensure that any related recording of the debt with credit reference agencies is removed; and
- pay Ms J £50 compensation.

I make no other award against Swinton Group Ltd.

Under the rules of the Financial Ombudsman Service, I am required to ask Ms J to accept or reject my decision before 30 December 2014.

Paul Daniel  
**ombudsman**