

complaint

Ms O's unhappy that Eldon Insurance Services Ltd (trading as Go Skippy) won't give her proof of a year's no claims discount after it cancelled her car insurance policy.

background

I've set out the background and circumstances of this complaint and my initial thinking in my October 2015 provisional decision. I attach a copy of that decision, which forms a part of this final decision.

Ms O and Go Skippy have seen the provisional decision and responded. Neither has provided any further comments or information about the complaint itself. But Go Skippy has asked for clarification of what they need to do to put things right.

my findings

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

Since neither party has provided any new information or comments for me to consider in relation to the complaint itself, I've reached the same conclusions as in my provisional decision and for the same reasons. But to help Go Skippy, I'll now explain what it must do to put things right.

putting things right

Go Skippy has agreed to the second and third items of redress in my provisional decision. I asked for proof that Ms O had paid an extra £400 for her next insurance policy. We've now sent them that. But it asked for clarification of the first item.

Go Skippy's confirmed that Ms O was only charged for the cost of her insurance to the date it was cancelled. And this is supported by the case file. But because she'd paid less than that, she was asked to pay an extra £37.93 at first. Go Skippy then waived a number of the charges to the account, including the cancellation charge I had said Ms O should get back. And this resulted in Ms O being refunded £79.23.

So Ms O has already had refunds of the premium (pro-rata) and cancellation fee that I referred to in my provisional decision. But because Ms O had paid less than the cost of the insurance up to cancellation, there's nothing for Go Skippy to pay interest on. Most of the other charges that Go Skippy has waived are over and above what I intended to require them to cancel. So I don't think it should pay interest on the £79.23 credit that cancelling those charges produced.

So because Go Skippy has already given Ms O the first item of redress in my provisional decision, I've removed it from my final decision below.

my final decision

For the reasons above and in my provisional decision, I have decided to uphold Ms O's complaint and require Eldon Insurance Services Ltd to:

1. provide Ms O with a letter saying that the policy was cancelled in error and should have been allowed to continue to renewal;
2. pay Ms O £400 for the additional cost of her subsequent insurance plus 8% simple interest from when she bought the new policy to when they pay her[†]; and
3. pay Ms O £200 for the distress and inconvenience she's suffered.

[†] HM Revenue & Customs requires Eldon Insurance Services Ltd to take off tax from this interest. Eldon Insurance Services Ltd must give Ms O a certificate showing how much tax it's taken off if she asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms O to accept or reject my decision before 3 December 2015.

Mike Foster
ombudsman

copy of provisional decision

complaint

Ms O's unhappy that Eldon Insurance Services Ltd (trading as Go Skippy) won't give her proof of a year's no claims discount after it cancelled her car insurance policy.

background

Ms O bought her car insurance with Go Skippy in November 2013. Ms O paid a deposit. The rest of the cost was to be paid in 10 instalments by direct debit starting in December 2013.

The December 2013 payment didn't go through, so Go Skippy contacted Ms O. She called them and paid the missed instalment, and a £25 fee, by debit card. She also set up a new direct debit from a different bank account for 8 monthly instalments starting in January 2014.

Ms O paid the first 6 of those 8 instalments. But in July 2014 the 7th payment failed to go through. Go Skippy wrote to and texted Ms O on 7 August 2014 telling her the payment hadn't been made. It warned her that her policy would be cancelled seven days later if she didn't bring her payments up to date.

Ms O phoned Go Skippy on 7 August 2014. During this call she agreed to pay the missed instalment but didn't want to pay the £25 missed instalment fee. She was told not to make a payment now because a manager would investigate if she should have to pay the fee and call her back within 48 hours. She chased this up three days later. This time she was promised a call back the next day. On 21 August 2014 Ms O's policy was cancelled because of the missed payment in July 2014 and a £50 cancellation fee added.

Ms O emailed Go Skippy the next day and asked for a manager to call her as had been promised. She then called them on 15 September 2014 and was told the policy couldn't now be reinstated and that, with fees, she still owed Go Skippy money.

Go Skippy has accepted in its final response letter that Ms O wasn't called back when she should have been and has offered to refund her most of the fees she's been charged and the premiums for legal expenses and personal accident. But because the policy ran for less than a year they haven't been able to give her any no claims bonus for that period.

Our adjudicator upheld Ms O's complaint. She thought that Go Skippy shouldn't have cancelled the policy when it had told her not to pay until she was called by a manager. Go Skippy disagrees. It says that Ms O knew that she had an outstanding payment and should have paid it.

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. Having done so, I'm thinking of upholding Ms O's complaint. I'll now explain why.

When Ms O called Go Skippy on 7 August 2014 she was told a manager would call her back within 48 hours. Ms O specifically asked if she should pay then and was told not to. That would be dealt with when the manager called her. But Ms O wasn't called as promised.

Three days later Ms O called Go Skippy. Again she was promised a call from a manager. Again this didn't happen. And eleven days later, with no further warning, Ms O's policy was cancelled. Ms O contacted Go Skippy immediately by email and explained she'd been waiting for a call from a manager. Go Skippy didn't respond to this email. In fact it didn't contact Ms O at all except to pursue her for the balance of the account.

I'm absolutely clear that Go Skippy shouldn't have cancelled Ms O's policy while she was waiting to be called by a manager. This is because it had specifically told her not to pay (and bring the account up to date) until she got that call. It follows that I'm thinking of upholding Ms O's complaint.

what the business must do to put things right

In cases like this we try to put the consumer back in the position they'd have been in if the mistake hadn't happened. If a Go Skippy manager had called Ms O back as she'd been promised, after either of her calls to them, then I think Ms O would have paid what was due on her policy as she'd done before. So the policy wouldn't have been cancelled. Ms O wouldn't have had to pay the cancellation charge, but would have had to pay the other charges added before August 2014. And I think she'd have paid the remaining premium instalments. And since I've not been told she had an accident between August and November 2014, I think she would have earned a no claim bonus for that year.

Because Ms O had to buy new car insurance, I don't think she should have to pay any premium for the policy after it was cancelled. She should get a pro-rata refund. And she should be refunded the £50 cancellation fee. But not the other charges added before August 2014. She should get interest on both these refunds

Go Skippy can't issue Ms O with proof of a year's no claim bonus for this policy – it didn't run for a year. So it needs to compensate her for this. The policy Ms O bought after Go Skippy cancelled her car insurance cost £400 more than it would have if she'd had a year's no claim bonus from Go Skippy. So I think Go Skippy should pay her that amount, plus interest.

And finally, this whole experience has been very distressing for Ms O. The frustration of trying to sort out her insurance policy, but not having her calls returned is poor service. But then she was told her policy had been cancelled, had to arrange a new one at short notice and was chased by Go Skippy's debt collection department. So I think Go Skippy should pay her £200 for the distress and inconvenience it's caused her.

my provisional decision

For the reasons above, I intend to uphold Ms O's complaint and require Eldon Insurance Services Ltd to:

- pay Ms O a pro rata refund of her premium from cancellation plus 8% simple interest from that date to when they pay her†;
- provide Ms O with a letter saying that the policy was cancelled in error and should have been allowed to continue to renewal;
- pay Ms O £400 for the additional cost of her subsequent insurance plus 8% simple interest from when she bought the new policy to when they pay her†; and
- pay Ms O £200 for the distress and inconvenience she's suffered.

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Mike Foster
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