

complaint

Miss R complains about an additional mid-term premium she was charged by Advantage Insurance Company Limited for her motor insurance policy.

background

Miss R contacted Advantage in May 2018 to update some personal details. She'd recently changed her occupation and her annual mileage had decreased. Advantage told Miss R she needed to pay an additional premium (AP) of £163.85 as a result. This included a £25 administration fee. The AP was spread over the remaining policy year monthly direct debit payments.

The following day Miss R complained to Advantage. She said she didn't understand why the two changes – in her occupation and annual mileage – had generated such an expensive AP. She told Advantage that she thought it was disproportionate. She said she'd looked at previous decisions this service had made about this issue and said she understood our approach was that a change in employment wasn't something we thought was fair for insurers to charge an AP for. She asked Advantage to refund the premium.

Advantage looked into Miss R's complaint. It told her she'd been incorrectly charged the £25 administration fee so it refunded this to her by readjusting her remaining direct debit payments. It also said it was awarding her compensation of £40 in recognition of its error. It also said it was deducting this from her remaining direct debit payments.

Unhappy with Advantage's response, Miss R complained to this service. Our adjudicator investigated her complaint and recommended it was upheld. He said this service's approach to complaints of this nature was that we didn't think changes to occupation or annual mileage mid-term were so significant that charging a mid-term AP was fair. He said this service expected such changes to be taken into account at the next renewal. He recommended Hastings refund any APs it'd collected from Miss R to date and add simple interest at 8% per year to any payments taken.

Miss R responded to our adjudicator to say that she appreciated his recommendation but that her situation had recently changed. She said she'd changed vehicles and Advantage had charged her a small AP and an administration fee. Miss R said she'd then looked online and found an annual policy with Advantage so she cancelled her existing one and took out the new one. She said Advantage had charged her £70 for doing so. Miss R told our adjudicator that she experienced poor service and delays. She asked our adjudicator if he could ask Advantage to refund the £70.

Advantage said it accepted our adjudicator's recommendation for refunding the AP plus interest for the occupation and annual mileage change but not that it should pay Miss R £70. It said it hadn't charged her a fee to cancel her policy. It said the £70 she referred to was her premium for time she'd been on cover which she'd used but hadn't yet paid for. Advantage said it had been charged correctly. Our adjudicator explained this to Miss R and she accepted it but said she felt some compensation was warranted in the circumstances. She asked for her complaint to be referred for an ombudsman's decision.

my findings

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

Both parties to this complaint have accepted our adjudicator's recommendation in relation to refunding all the instalments (together with interest at this service's usual rate of 8% simple per year) of the AP Miss R paid as a result of notifying Advantage about the change in her occupation and annual mileage. Consequently I don't need to look at this issue any further here except to say I think that this is a fair and reasonable resolution of this aspect of Miss R's complaint. It's in line with this service's approach on similar complaints.

Although not part of her original complaint, Miss R asked our adjudicator to ask Advantage to refund the £70 cancellation fee it'd charged her when she cancelled her policy after buying a new car. She thought it was unfair, given that she'd taken out a new annual policy with Advantage online, for it to charge her a fee in these circumstances. Advantage told our adjudicator it hadn't charged Miss R a cancellation fee at all and that it wasn't its policy to do so if one of its policies were cancelled in favour of taking a new one out. It said the £70 Miss R was charged was for the outstanding time she was on cover.

Our adjudicator explained this to Miss R and she didn't think that it was entirely fair that she hadn't received any compensation from Advantage for the delays and poor service she'd received.

I don't think Advantage treated Miss R unfairly by collecting payment for the outstanding time she was on cover under her old policy. Miss R had the benefit of cover for that period and Advantage would have had to pay out should she have made a valid claim during that time. So I don't think it would be reasonable for me to say that Advantage had done anything wrong by collecting a payment it was contractually entitled to take.

Advantage has already paid Miss R compensation of £40 for mistakenly charging her an administration fee. As it deducted this amount from her remaining outstanding direct debits it is worth just stating here that I don't expect Advantage to deduct that amount from the AP refund it is going to make. As it said it would pay her compensation of £40 it should make sure – as part of the settlement of this complaint – that she receives it.

I think that compensation of £40 is fair in the circumstances of this complaint. At the time she complained to this service I can see that Advantage had taken a week to issue Miss R with a final response after she first raised her complaint. I don't think I can reasonably say that a week amounted to a delay or poor service. And in any event, we can't award compensation for poor complaint handling. Nor can I reasonably award Miss R compensation – should I be so minded – for any poor service she more recently received from Advantage. That's because it didn't form part of her original complaint to this service. And I can't hold Advantage responsible for any delays she's experienced whilst we have looked at her complaint.

my final decision

My final decision is that I uphold this complaint. I require Advantage Insurance Company Limited to refund any additional premiums it collected from Miss R for recording her change in occupation and annual mileage. Interest* should be added to each of the additional premiums collected at this service's usual rate of 8% simple per year from the date each

additional premium was collected to the date it is refunded. It should also pay Miss R the £40 compensation it awarded, and deducted, from her outstanding premiums.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 19 January 2019.

Claire Woollerson
ombudsman

**If Advantage Insurance Company Limited considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Miss R how much it's taken off. It should also give Miss R a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.*