

complaint

Mr and Mrs B are unhappy with the way Hastings Insurance Services Limited, as their broker, handled the cancellation of their home insurance. They're also unhappy with the compensation it has offered them for its poor service.

background

In my provisional decision of 11 February 2020 (a copy of which I've attached to this final decision), I explained why I intended to uphold Mr and Mrs B's complaint.

Mr and Mrs B have accepted my decision. Hastings has come back with some comments. So Mr and Mrs B's complaint has now come to me for a final decision.

my findings

I've re-considered all the available evidence and arguments, and considered Hastings' most recent comments, to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, and for the reasons I gave in my provisional decision, I've decided to uphold Mr and Mrs B's complaint. I think Hastings should pay Mr and Mrs B another £75 (in addition to the £75 it has already paid them) for the distress and inconvenience it has caused them.

In its response to my provisional decision, Hastings says it agrees to the additional compensation of £75 I said I intended to award, but only if Mr and Mrs B confirm their premiums were increased due to the policy cancellation. My award wasn't and isn't linked to any premium increase Mr and Mrs B may have had. I think Hastings handled the cancellation of their home insurance policy very poorly and so caused Mr and Mrs B greater distress and inconvenience than was reflected in the compensation of £75 that it's paid them so far.

Hastings also says it doesn't agree to being liable for any increased premium Mr and Mrs B have paid as a result of declaring the policy cancellation to their new insurer. It says it told Mr and Mrs B they didn't need to declare the cancellation. And it says the new insurer shouldn't charge an additional premium when it has confirmation it was cancelled in error.

Mr and Mrs B haven't given us any recent indication that they've been charged a higher premium because of declaring the policy cancellation. And I agree that, if that has happened, the new insurer shouldn't charge an additional premium once it knows the cancellation was an error. But, for the reasons I gave in my provisional decision, I don't think Hastings made it as clear as it should've – from the outset – that this wasn't a cancellation Mr and Mrs B needed to declare going forward. And so, in these rather unusual circumstances, I think *if* Mr and Mrs B have paid an increased premium (which they can show with written evidence) and their insurer has refused to refund it, Hastings should cover this loss.

my final decision

For the reasons I've given here and in my provisional decision of 11 February 2020, I uphold Mr and Mrs B's complaint and direct Hastings Insurance Services Limited to pay them £75 in compensation (in addition to the £75 they have already been paid).

Hastings Insurance Services Limited should pay this compensation within 28 days of the date we tell it Mr and Mrs B have accepted my final decision. If it doesn't, it should also pay them 8% simple interest on the compensation from the date of this final decision to the date of payment.

If Mr and Mrs B have paid a higher premium on their new insurance because they declared the cancellation and their new insurer has refused to refund it, Hastings Insurance Services Limited should pay them the difference on receipt of written evidence from the insurer of the amount of the increased premium.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs B to accept or reject my decision before 3 April 2020.

Jane Gallacher
ombudsman

COPY OF MY PROVISIONAL DECISION OF 11 FEBRUARY 2020

complaint

Mr and Mrs B are unhappy with the way Hastings Insurance Services Limited, as their broker, handled the cancellation of their home insurance. They're also unhappy with the compensation it has offered them for its poor service.

background

Mr and Mrs B got their home insurance through Hastings from October 2016 until November 2018. In August 2017, they were burgled and made a claim on their policy, which was settled by their insurer. They renewed their policy through Hastings in October 2017 and in October 2018.

On 24 October 2018, however, Hastings wrote to Mr and Mrs B saying their policy was being cancelled on 7 November 2018. The letter said Hastings had identified an error that meant their insurer wasn't able to provide them with cover. Hastings wrote to Mr and Mrs B again on 31 October to remind them their cover was being cancelled.

Mr and Mrs B complained saying:

- Hastings' letter of 24 October 2018 stated it had been trying to contact them when it hadn't.
- They experienced long call queues when attempting to call Hastings to discuss what was happening.
- Hastings was unable to explain why their insurance was being cancelled.
- When Mr and Mrs B renewed their policy in October 2018, there was no mention of the insurer not offering the cover.
- The notice period they were given to find insurance elsewhere was inadequate.
- They now needed to declare they'd had a policy declined/cancelled.
- Hastings hadn't refunded them the premium they'd paid for the renewal.
- The documents Hastings sent them made no reference to it being able to cancel the policy.

Mr and Mrs B also complained to Hastings that its information about their no claims discount was confusing. I understand Hastings and Mr and Mrs B have now settled this separate complaint point and so it isn't covered in my decision here.

In its response to Mr and Mrs B's complaint, Hastings accepted its letter of 24 October was poor. And it accepted its call volumes were high when Mrs B tried to get through a couple of days after it was sent out, meaning she couldn't speak to anyone. It also agreed it was unable to explain to Mr and Mrs B why the insurer couldn't offer the cover and why it had therefore been renewed in error.

But Hastings said it had given notice of the cancellation in line with the Mr and Mrs B's policy terms, which were set out in their policy document. And it said it had refunded their full premium on 8 November 2018. It apologised for its mistakes and paid Mr and Mrs B £75 for the distress and inconvenience it had caused them.

Unhappy with the level of compensation Hastings offered, Mr and Mrs B complained to us. The investigator who looked at Mr and Mrs B's complaint didn't uphold it. He thought

Hastings had made errors and given poor service, but he was satisfied it had acted fairly in its compensation on Mr and Mrs B's complaint.

So Mr and Mrs B's complaint has come to me to decide.

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 intend to uphold Mr and Mrs B's complaint. I'll explain why.

Mr and Mrs B had placed and then renewed their home insurance with the same insurer through Hastings on three occasions (and the renewals had seemingly been accepted despite them making a claim (that was settled) in their first year of cover). But within a few weeks of their second renewal, Mr and Mrs B got a letter from Hastings telling them, incorrectly, it had been trying to get in touch with them. The letter also said that, due to an error, the insurer could no longer cover Mr and Mrs B's home.

I can see that on the day Mrs B says she got this letter from Hastings, she emailed it about what was happening (the issues concerning her then were broadly the same as those she has made to us). She says in the email she'd tried to call Hastings to discuss the reasons for the cancellation but got an automated message saying waiting times were over an hour long, so she wasn't able to speak to anyone.

I think it must have been very confusing and upsetting for Mr and Mrs B to be told out of the blue by Hastings that their home insurance was being cancelled for a reason that was far from clear to them. I say this especially bearing in mind they'd seemingly successfully renewed their insurance for the second time with the same insurer through Hastings just a couple of weeks earlier.

I think it would've been frustrating for Mrs B to phone Hastings about its letter and find she might have to wait more than an hour to speak to someone. And I think it would've been even more upsetting for Mrs B, after then emailing Hastings about her concerns to get no written acknowledgement or response to those concerns – apart from an automated message – even up to the day before the cancellation date of the insurance policy.

From Hastings' internal notes, it seems Mr and Mrs B did speak to Hastings on the phone on 2 November 2018. The call handler's notes, among other things, describe them as being very upset because they didn't feel they'd been treated fairly. And the notes say they were distressed at having to declare on comparison sites that they'd had insurance cancelled (although the call handler had assured them they wouldn't need to).

I can see this was a very confusing and upsetting time for Mr and Mrs B. And I think it could've been avoided if Hastings' initial cancellation letter of 24 October 2018 had explained to them much more clearly than it did why the policy was being cancelled and that this wasn't because Mr and Mrs B had done anything wrong. And I think it would've been helpful to explain what the cancellation meant for Mr and Mrs B, in particular that they wouldn't need to declare it when getting quotes for home insurance in the future.

I should also say Hastings subsequently told Mr and Mrs B the policy was cancelled because the insurer could no longer offer cover. But when our investigator asked the insurer

about this, it said its investigation showed a change in the software Hastings used to administer policies meant it was unable to administer a policy renewal for Mr and Mrs B. So it says Hastings used its new software but this meant treating Mr and Mrs B's request for cover as new business rather than a renewal. And the insurer says its underwriting criteria for new business – as opposed to renewals – meant it declined cover for Mr and Mrs B as new business because of the theft claim. We've asked Hastings about this. It's confirmed that even if the insurer wanted to continue the policy with Hastings' old system, this wasn't in use and therefore Hastings wouldn't have been able to administer it. So it seems that, if Hastings hadn't changed its software, the insurer would still have been able to offer Mr and Mrs B cover. This is something Hastings didn't explain to Mr and Mrs B.

I think Hastings has handled the cancellation of Mr and Mrs B's home insurance policy very poorly. And for the distress and inconvenience it has caused them it's my current view it should pay them an additional £75 in compensation on top of the £75 I understand it has already paid.

In his view on Mr and Mrs B's complaint, our investigator said Mr and Mrs B could speak to their new insurer and ask it to remove any cancellation details from their policy. He said the insurer should offer a refund and reduce Mr and Mrs B's premium if this has happened. And he said if Mr and Mrs B didn't want to do this they should get confirmation in writing from the insurer because Hastings had agreed to refund the difference.

If Mr and Mrs B have incurred any additional costs by declaring the cancellation on their new insurance, I think it's fair and reasonable Hastings should reimburse them for these costs.

For the avoidance of doubt, like our investigator, I think the notice period Hastings gave Mr and Mrs B of the cancellation was fair and reasonable, in line with their policy terms and set out in the policy document they'd have been sent. And from what Hastings says they were refunded their full premium.

my provisional decision

I intend to uphold Mr and Mrs B's complaint and direct Hastings Insurance Services Limited to pay them £75 in compensation (in addition to the £75 they have already been paid).

If Mr and Mrs B have paid a higher premium on their new insurance because they declared the cancellation and their new insurer hasn't refunded it, Hastings Insurance Services Limited should pay them the difference on receipt of written evidence from the insurer of the amount of the increased premium.

Jane Gallacher
ombudsman