

complaint

Mr P is unhappy Eldon Insurance Services Ltd has cancelled his motor insurance contract. He is also unhappy with the amount he has been charged for doing this.

background

Mr P contacted Eldon, his insurance broker, to change the address of his motor insurance policy. He had taken the policy out with Eldon and paid for it via a finance company. Eldon informed Mr P that in order to change his address it would need to see proof of his new address and that he would need to pay an administration fee.

Mr P refused to pay the administration fee and terminated the call. Eldon wrote and emailed Mr P asking him to provide the required further information. Mr P didn't respond to any of these requests. So the insurer of Mr P's policy, via Eldon, cancelled the policy.

When it did this, Eldon charged Mr P a cancellation fee. Mr P received a refund of £20.73. However, he believes he should have all of his premiums returned to him – around £740. Eldon has since refunded Mr P his cancellation fee of £50.

Our investigator considered the complaint. She didn't think it should be upheld. She said Eldon had made a sufficient effort to get the information from Mr P, and that he hadn't responded. She also said it was reasonable for Eldon to charge a cancellation fee. Mr P disagreed and asked for an ombudsman's decision. He maintained he felt he was due more money as a refund.

my findings

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

I should say firstly that the decision to cancel the insurance was made by Mr P's insurer, not Eldon. So I've not considered if this action was reasonable.

What I've considered is what happened when Mr P notified it of his change of address and, later, when it contacted him to let him know his insurance had been cancelled. And in short, I'm persuaded Eldon's actions have been reasonable throughout.

I say this because Eldon made it sufficiently clear what Mr P needed to do in order to change his address on his policy. It tried to do this while on the telephone with him, but Mr P terminated the call before the change could be made.

Because of the change of address, Mr P's insurer requested information in order to calculate his new premium, and it has asked Eldon to collect this information from Mr P.

Eldon tried to do this with the follow up letters it has sent. These were sent to Mr P's old address (or current address as it would've been on its system). Mr P says he didn't receive these letters because he had moved. However, Eldon has demonstrated they were also sent to his email address.

Mr P hasn't responded to these requests or taken the necessary action. So the insurer cancelled Mr P's policy.

Mr P is also unhappy he was initially charged a £53.38 administration fee to change his address. However, I don't find that in itself to be an unreasonable request. I think it's reasonable for Eldon to apply an administration charge as it has to carry out the task. And I've seen a copy of Mr P's terms and conditions and it explains what fees and charges apply when making changes or cancelling the contract. In this instance I can see Eldon has applied the administration fee which is outlined in the policy. And as such I'm satisfied it's acted reasonably.

Mr P is also unhappy that he hasn't received a full refund of his premium, and that he was charged a cancellation fee. Eldon has explained the breakdown of Mr P's refund as:

Insurance (charged by the insurer)	£558.87
Interest (charged by finance company)	£110.70
Cancellation fee (charged by Eldon)*	£50
<i>Minus</i>	
Broker discount	£2.44
Total	£717.13
<i>Minus</i>	
Amount paid by Mr P to date	£737.86
Refund due	£20.73

**Eldon has since waived this fee*

I should explain that it's the insurer that has charged Mr P the premium not Eldon. I can see the insurer charged Mr P a pro rata amount for the time he was covered by the policy. As the insurer applied this charge I think it's only reasonable Eldon passed it on to Mr P. The same applies to the interest charged by the finance company. Again this is not charged by Eldon, so I think it's only reasonable it passed this cost on to Mr P. I also note that when Mr P later complained to Eldon, it refunded the £50 cancellation fee as a gesture of goodwill. So on this basis I'm satisfied Eldon acted reasonably when handling the cancellation costs of Mr P's insurance policy.

So for these reasons, I'm satisfied Eldon has acted reasonably in this complaint.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 5 March 2018.

Tom Whittington
ombudsman