

complaint

Mr M is unhappy that Hastings Insurance Services Limited made an administration mistake when he arranged his van insurance. He feels it was unfair to ask him to pay an additional premium for the cover to continue.

background

In May 2017, Mr M purchased a used van. He searched for an insurance policy on a price comparison website and decided to go ahead with the quote provided by Hastings. Mr M spoke to Hastings on the phone to complete the sale.

The policy was set up with the insurer on the basis that Mr M had purchased the van around a decade ago. As part of its new policy checks, Hastings asked Mr M to send in details of his no claims discount along with his registration documents. When Hastings checked the paperwork, it came to light Mr M had only recently purchased the van. The correct purchase date increased the policy premium.

Mr M didn't think it was fair to expect him to pay the extra premium. He pointed out that he'd filled in everything correctly and that he'd told Hastings over the phone that he'd only recently got the van.

Hastings listened back to the call and agreed that its advisor should've noticed the discrepancy. It said that it was unable to waive the additional premium and Mr M did need to pay it if he still wanted to be covered. But it said that Mr M could cancel the policy without charge if he didn't want pay the extra, meaning he'd only have to pay for the time he was on risk. It also offered him £75 compensation for the inconvenience caused.

Mr M wasn't happy with what Hastings said and asked us to take a look. Our investigator thought Hastings' offer was fair. Mr M didn't agree. He asked for an ombudsman to consider the matter.

my findings

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

Hastings accepts that it incorrectly set up Mr M's policy so I don't need to make a finding about who made the mistake. Mr M thinks that Hastings should have to honour the lower price because the mistake was on Hastings' part. But I'm afraid I don't agree.

The initial premium was based on Mr M having owned the van for a decade when that wasn't the case. When this mistake was discovered, it wasn't unreasonable for an amended premium using the correct date of sale to be calculated and applied. Hastings says the increase in premium reflected what the initial quote should've been if the correct purchase date had been used. (The amount of the actual increase in the premium is ultimately a matter for the insurer of the policy.)

It's not in dispute that Hastings made a mistake, but I don't think that Mr M has lost out as result of it. If Hastings had used the correct details, Mr M's premium would've been more. I think it was fair for Hastings to give Mr M the option of leaving the policy without having to pay cancellation fees if he didn't want to pay the additional premium.

Mr M chose to cancel the policy rather than pay the extra amount. So it's unlikely Mr M would've decided to buy the cover through Hastings if he'd known its true cost at the outset. As it was Mr M that ultimately cancelled the policy and not Hastings, it isn't recorded anywhere and Mr M won't need to tell any future insurers about this cancellation.

Hastings gave Mr M a pro-rata refund so he only paid for the time he'd been on risk. It also offered £75 compensation to acknowledge the inconvenience he'd been caused. I think this was fair.

So while I appreciate Mr M's disappointment that his premium was higher than he originally anticipated, from everything that I've seen, I think the steps Hastings took to put things right are reasonable. Hastings should now pay the £75 compensation payment to Mr M if it hasn't already done so.

my final decision

My final decision is that I don't uphold this complaint as Hastings Insurance Services Limited has made a fair offer to resolve it. Hastings Insurance Services Limited should now pay the £75 compensation offered to Mr M if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 February 2018.

Claire Marsh
ombudsman