

## **complaint**

Mr E's complained that One Call Insurance Services Limited charged him a debt recovery fee unfairly when he cancelled his motor insurance policy.

## **background**

Mr E cancelled his motor insurance policy with One Call. He'd changed his car and their quote to insure it wasn't competitive. He accepted he needed to pay a cancellation charge and said he offered to pay it over the phone when he cancelled. But One Call wasn't able to do this at the time.

Mr E said he didn't give it any further thought. His account had sufficient funds – and he expected One Call to collect the final balance of £52.13. He was shocked when One Call contacted him at the end of May – about six weeks after he cancelled his policy – to tell him it had passed the outstanding balance to a debt recovery agent. It had applied a debt recovery fee of £25 as it hadn't been able to collect the balance from his account. So it said Mr E now owed £77.13.

Mr E called One Call and paid the balance of £52.13 on the same day. But he didn't agree to pay the debt recovery fee of £25. He said this was the first time he was aware of any problem with collecting the final balance. So he didn't think it was fair of One Call to charge it.

One Call said it alerted Mr E to its debt recovery process in the cancellation notice. And it wrote to him on 19 May, and emailed and sent him a text too on 20 May 2016. As he didn't pay the balance, the debt recovery fee of £25 was applied correctly and in line with the policy.

Mr E didn't agree and so he brought his complaint to us. The adjudicator who investigated recommended it should be upheld. She felt One Call's terms and conditions weren't specific enough about its process if it couldn't collect the final balance. She focused on One Call's actions at this stage, rather than what it told Mr E before it tried to collect the final balance.

The adjudicator felt One Call hadn't given Mr E enough reminders to make the payment after it failed. So she recommended One Call waive the debt recovery fee of £25, and pay Mr E £50 compensation for the trouble and upset it caused him. She also recommended One Call confirm its actions have had no adverse affect on Mr E's credit score.

One Call didn't agree. It said it alerted Mr E enough times before it tried to collect the payment – and again after it failed. So it acted correctly in line with the terms of the policy.

As One Call didn't agree, the matter has been passed to me to decide.

## **my 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 it.

Mr E has said he accepted he had to pay a final balance of £52.13 – and he had sufficient funds in his account. While I have no proof of this, I've no reason to disbelieve him. He said he asked One Call to collect the final balance when he called to cancel his policy, but it wasn't possible. One Call hasn't provided anything to contradict Mr E's account here.

One Call tried to collect the final balance on 29 April 2016, as per its cancellation letter dated 19 April 2016. However, the payment failed and it appears from their records that One Call was aware of this on the same day. But it didn't contact Mr E until 19 May 2016, almost three weeks later. It hasn't explained why – but I think it's unfair of One Call to wait three weeks to alert Mr E – but then give him one week to pay before passing the balance to a debt recovery agent and apply further charges.

Mr E said he didn't receive any text, email or letter from One Call on 19 or 20 May 2016. He received their letter dated 27 May 2016 by email which said because he hadn't paid the final balance, it had now applied a debt recovery fee of £25. Mr E called One Call on 27 May 2016 and paid the cancellation charge of £52.13, but not the £25. He did this because he said it was the first time he was aware the payment had failed. So he didn't think it was reasonable for One Call to charge it. At around the same time he received an email alerting him to contact One Call. He's provided a copy of the email, which was sent on 2 June 2016.

One Call has provided screen shots to show it sent Mr E a letter on 19 May 2016, and a letter on 20 May 2016. It's provided a copy of the 19 May letter. One Call says its system generated a letter for 20 May 2016 - but it didn't send one. It actually sent a text and email to Mr E on 20 May 2016. I think it's debatable as to whether One Call sent an email and text to Mr E on 20 May 2016, as the information it provides doesn't show Mr E's contact details or copy email. And it isn't clear if One Call contacted Mr E on 19 May 2016 by letter, email, or both. I understand Mr E says he didn't receive anything from One Call until 27 May 2016. I think on balance One Call sent its letter dated 19 May 2016 either by letter or email. And One Call's emails dated 27 May and 2 June 2016 did reach him.

However, I don't think One Call has shown it acted fairly in line with the policy. Its terms and conditions say;

*"If, for any reason, you default on a payment (instalment or account balance after cancellation) of any kind, and after several reminders the debt remains unpaid, we will refer the matter to our debt recovery department."*

I don't think One Call's communication with Mr E can reasonably be described as "several reminders" after it couldn't collect the payment. So I don't think it gave Mr E enough opportunity to settle the final balance before it passed the balance to a debt recovery agent and applied its fee of £25.

Consequently I think One Call was unreasonable to Mr E by charging him the additional £25. And I think its decision caused him unnecessary trouble and upset. So I agree with the adjudicator's recommendations to put things right.

### **my final decision**

For the reasons I've given above, my final decision is that I uphold this complaint. I require One Call Insurance Services Limited to do the following:

- Waive its debt recovery fee of £25 and any other additional charges that may have applied since.
- Pay Mr E £50 compensation for the trouble and upset caused.
- Write to Mr E to confirm his credit score has not been adversely affected by One Call's referral to a debt recovery agent.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 12 December 2016.

Geraldine Newbold  
**ombudsman**