

complaint

Miss S complained that Insure The Box Limited (ITB) unfairly pursued her for a debt under an old car insurance policy.

background

Miss S had a car insurance policy with ITB which had been cancelled in 2015. According to ITB, Miss S hadn't paid the outstanding charges under it at that time. In 2019 ITB again pursued her for the debt and passed it to their debt collectors. Miss S said she didn't dispute that she owed at least part of it, but she was unhappy that ITB passed it to debt collectors and gave them her personal information.

The investigator recommended that her complaint be partly upheld. He thought that ITB were entitled under her policy to use her information as they did, and that what ITB were charging was fair. But he thought that ITB hadn't handled the debt collection fairly. He recommended that ITB waive £75 of the debt claimed, in compensation for the distress and inconvenience this had caused Miss S.

ITB didn't agree and so her case has been passed to me.

my findings

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

Miss S took out her policy in 2014 and it was cancelled in 2015. ITB said Miss S owed an amount in charges for cancellation and for outstanding mileage. They said they'd already pursued her for it that the time via their other collections agent but she hadn't paid. So they tried again in 2018/19 which was within their permitted legal time limits. They wrote to her direct and when she didn't pay, they passed the debt to their debt collection agents for recovery.

Miss S said she was surprised to hear from ITB or their agents out of the blue. She had forgotten about the matter, but she contacted ITB querying what she owed. She said she'd asked ITB for a breakdown of what they said was owed back in 2015 but ITB hadn't provided it, so she hadn't paid it. But she said she was willing to pay the cancellation charge but not the mileage charge as she said ITB still hadn't shown her a breakdown of that. She asked ITB to put further collection on hold to allow this Service to consider the complaint.

But ITB told her that they wouldn't do that until they received a file request from this Service, and they passed her debt to debt collectors only about a week later. Miss S felt they were unhelpful and obstructive and should have given her a grace period to allow this Service to look at her complaint.

It's clear from ITB's records that they'd told Miss S about the debt in 2015 after the policy was cancelled. It's also clear that ITB felt they'd already given Miss S the chance to pay in 2015 and she hadn't. They said that she'd told them in both 2015 and 2018/9 that she didn't accept that she owed anything. So they concluded that she didn't accept even the cancellation charges and so they should just proceed with the debt collection.

They said they were entitled to pursue a debt, and to use a debt collection agency and Miss S's policy allowed them to pass her information to their agents for that purpose. But though I agree that this is correct, we'd still expect ITB to act fairly.

ITB refused to hold off passing the matter to their debt collectors in 2018/9 even though Miss S said she'd referred her complaint to us. Once ITB received our request for their file they did hold off further recovery action. But the investigator thought they'd referred the matter to those debt collectors too quickly.

ITB explained to us how the charges, including the mileage charge, were calculated under her policy. The investigator has checked this, and I agree with him, that ITB have applied the various charges according to their terms and conditions, which I can see were made clear in the policy, and they weren't themselves unfair. But I haven't seen anything from ITB that shows they explained the charges to Miss S either in 2015 or when they reconnected with her in late 2018. I can see they'd emailed her a list of the itemised charges in 2015, but I don't think that explains to her how they'd worked out her mileage in line with the policy provisions.

I don't think it was unreasonable for Miss S to query the charges and expect them to explain them. However instead of doing that, and despite having not pursued the debt for about four years, from their first renewed contact ITB expected her to pay it within seven days, and passed the debt to their collectors immediately she didn't. ITB did however agree, as a goodwill gesture; given the time lag in them pursuing the debt again, to reduce the debt from about £167 to £130.

Even if Miss S did owe the debt, I think that after ITB had let it lie for about four years, once they'd reconnected with Miss S it was unfair of them to expect her to pay it within only a few days. I think that they did refer the matter to their debt collection agents too quickly. And I think that, in the context of an "old" debt, it would have been fairer for ITB to hold off further debt collection until they'd explained the charges to her as she'd asked, and to allow this Service time to look into the matter.

In the context of the time that had passed, I don't think that ITB's actions were reasonable and I think they caused Miss S unnecessary stress. And so I agree with the investigator that ITB should waive £75 of Miss S's outstanding debt to them.

my final decision

For the reasons, I've given above it's my final decision that I part uphold this complaint and I require Insure The Box Limited to waive £75 from the amount of £130 Miss S owes them.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 6 August 2020.

Rosslyn Scott
ombudsman