

## **complaint**

Mr R complains that Hastings Insurance Services Limited provided him with poor service in relation to the motor insurance policy he bought through it. Mr R is represented by his father, "Mr R2", a named driver on the policy.

## **background**

On 26 April 2018, Mr R told Hastings he wanted to change the car insured on the policy. Hastings told him the current insurer wouldn't agree to continue cover. Hastings said it was due to a fault claim that it had just recorded against Mr R on the Claims and Underwriting Exchange ("CUE"). The policy was cancelled and Mr R got a refund of £70.90. He found insurance elsewhere, but at a higher price than he'd expected.

Hastings later accepted that although another driver had reported an incident to it involving Mr R's car, that driver took full responsibility for it. Hastings corrected the CUE record. It then tried to take a premium payment of £45.16 by direct debit after the policy ended. Mr R had cancelled the direct debit instruction with his bank, as Hastings had told him he owed nothing more. So Hastings took the payment using the card details Mr R used when he bought the policy. It notified Mr R in advance that it would do so - but he didn't get the letter.

Mr R2 said Hastings' recording of a fault claim led to higher insurance premiums for Mr R with his new insurer. He said Hastings couldn't explain it and had taken money using Mr R's card outside its own terms and conditions. He said it tried to cover up for that by sending him a letter suggesting he'd authorised it. He said this 'deception' hadn't been explained either, and could have led to Mr R being overdrawn, so he wanted it investigating. He said Hastings hadn't returned his calls and had been evasive. Part of that was not giving him an explanation about the possible damage to Mr R's credit rating it may have caused.

One of our investigators looked into Mr R's complaint. He noted that Hastings had written to Mr R to say £45.16 was due - which was correct - but that it later refunded the money anyway. He noted that Hastings had said the failed direct debit wouldn't affect Mr R's credit rating and had offered him £100 compensation for its overall poor service. It had also refunded the £45.16 and offered Mr R2 £25 for the time he spent on calls to it. The investigator thought it should pay a further £100 compensation and refund the difference between Mr R's current premium and the sum he would have paid to continue the old policy had there not been a fault claim.

Hastings then checked with Mr R's previous insurer. It was able to show that the insurer didn't agree to cover Mr R's new car due to the combination of its type / category and Mr R's age. It checked, and found other insurers on the panel wouldn't offer cover for the same reason. The investigator still thought Hastings should pay a further £100 for poor service. Hastings disagreed. It asked for a review of the complaint by an ombudsman. Mr R2 repeated that the record of a fault claim led to a higher premium for Mr R. And he still wanted a better explanation for Hastings wrongly having used Mr R's card details.

## **my findings**

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

Even if Mr R didn't want to claim following the incident with the other vehicle, I think he

should have told Hastings about it so it could be recorded correctly. Hastings can show that it wrote to Mr R when the other driver contacted it. As he didn't get the letter, he wasn't able to comment until he called Hastings a few days later to change the car on the policy. Hastings changed the CUE record on 27 April 2018 to 'notification only', so the wrong record was only in place for three days. Mr R2 has assumed that it led to Mr R paying higher premiums. I understand why he thinks that, but I don't think he's shown evidence of it.

The cost of premiums is based on numerous factors – such as the type of car and the age of the policy holder. We know from Hastings that these two factors alone made a big difference to the insurers on its panel, as they wouldn't offer Mr R cover for the new car. Mr R got one quote he was happy with before the claim was recorded, but rates can vary greatly from day to day, for various reasons. There are also differences between policies that may not be immediately obvious but that affect their cost. Taking all this into account, I don't think it was unreasonable for Hastings not to be able to explain why Mr R's premium rose.

A fault claim generally makes a difference to the price of a premium. So although Hastings corrected its error quickly, it *may* still have affected the amount Mr R's new insurer charged. The only way to know for sure would be for Mr R's new insurer to say what it would have charged for his new policy without a fault claim. We asked Mr R2 to check with that insurer, but he said insurers won't explain how they rate premiums. Although that's true in general, they're usually willing to say what they would have charged for a specific policy without a fault claim. In the absence of that information, it's not possible to say what effect the wrong CUE record may or may not have had on Mr R's new premium.

Hastings says Mr R owed it a further payment of £45.16 at the start of May 2018. But the letter it sent him on 27 April 2018 said he owed nothing, and that he was in fact due a refund of £70.90. Hastings has accepted that it was wrong not to note the sum still due when working out the refund. As it didn't include it in the calculations, Mr R was misinformed.

Hastings says the direct debit payment was attempted because the automatic collection instruction was already 'in flight' at the time of the cancellation. It says it takes four working days to cancel such instructions. I have no reason to think that's not correct, but Mr R wasn't told about the attempt at the time. Hastings can show that it wrote to him after the direct debit request failed, to let him know it would collect the payment due within seven days, using his card details. Unfortunately, once again Mr R didn't get the letter.

I think it's fair to say that Hastings thought it had notified Mr R of its intention to use his card, in line with its terms and conditions, so I can't say Hastings was at fault in making the attempt. Its terms and conditions say a card won't be used to take a payment if there's a dispute between the parties. In my opinion, the wording of the relevant paragraph isn't particularly clear. We asked Hastings to clarify it, but it didn't do so. I think the wording could relate to a general dispute between the parties or a specific dispute about a repayment. But as the heading above the wording is 'repayments' I think it's more likely it relates to that.

At the time the card payment was taken, Mr R2 had complained to Hastings about the fault claim being recorded, but he wasn't in dispute with it about repayments. Mr R hadn't received Hastings' letter of 2 May 2018, so he didn't know it thought he owed it £45.16, or that it was going to use his card to get that sum. It's clear Mr R2 would have disputed the apparent debt had he known about it, But he wasn't in a position to do so. In these circumstances, I don't think Hastings acted outside its terms and conditions.

Mr R2 thinks there's something suspicious about Hastings' correspondence, especially the letter of 9 May 2018 thanking him for getting in touch and inferring that he'd agreed to the card payment. Mr R2 says Hastings sent the letter to 'mask' its unauthorised action. I understand his concern, but I don't think there's any evidence that Hastings did anything other than make a further mistake in issuing that letter.

Hastings has told us it took no action that would have meant the failed direct debit led to an adverse entry against Mr R's credit history. It says it had no need to do that, and I haven't seen any evidence that it did. It's open to Mr R to check his credit rating, as we suggested some time ago, if he has doubts. It seems the unexpected card payment Hastings took didn't lead to Mr R's account being overdrawn, either, or Mr R2 would have told us.

There's no doubt that Hastings made a number of errors in dealing with this case. It accepted it was at fault and attempted to put matters right. But I don't think its offer of compensation was sufficient. I've taken into account its general poor service and the amount of distress and inconvenience it caused. I think it would be reasonable to require Hastings to pay Mr R a further £100 compensation.

Mr R2 wants us to establish *exactly* how Hastings made the errors it did. We don't have the power to force it to tell us who made errors and give a precise description of each step along the way. Hastings may not be able to do so anyway, and I'm not sure what it would usefully add to the outcome of the complaint.

Mr R thinks Hastings has avoided the truth by implying that human error caused the errors. I don't think there's any reason to assume that Hastings caused problems for Mr R or Mr R2 deliberately. Mr R isn't convinced that human error is the likely explanation behind its mistakes. But I think many mistakes are caused purely by that. If Mr R2 has wider concerns about the way Hastings' operates its business, I think that's a matter for the Financial Conduct Authority ("FCA") rather than for this service.

I don't think it was reasonable for Hastings to make a series of errors. I think its poor communication (especially in not returning calls and not providing some explanations) caused unnecessary frustration and confusion. In my opinion, paying a total of £225 (plus the refund of £45.16 for the last premium payment) is a fair and reasonable way to settle this complaint.

Mr R2 says he asked Hastings not to pay the £125 compensation it proposed initially, as that might suggest a settlement had been agreed. Hastings did so anyway - in addition to refunding £45.16 - as part of its resolution attempt. I don't think it should have acted against Mr R2's specific request. Although that had no effect on the outcome in terms of our review of the complaint, I think it's likely that Hastings will have to issue the compensation (or part of it) again if it wasn't accepted at the time.

### **my final decision**

My final decision is that I uphold this complaint. I require Hastings Insurance Services Limited to pay Mr R a further £100 compensation for distress and inconvenience (£225 in total – plus the £45.16 refund).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 20 December 2019.

Susan Ewins  
**ombudsman**