

complaint

Mr M complains that U K Insurance Limited renewed his insurance policy when he instructed it not to, applied charges when he later cancelled it, and instructed a debt collection agency for the outstanding amount.

background

On 1 January 2019, Mr M's 'landlord insurance' policy automatically renewed. UKI says it then received a letter from Mr M on 18 January asking for the policy to be cancelled; but because this was outside the 14 days 'cooling-off period', time on risk and cancellation charges applied.

UKI says it wrote to Mr M to confirm the cancellation and the outstanding amount, which was £52. UKI says Mr M then phoned on 31 January, and he expressed his dissatisfaction about the charges – but he refused to go through the data protection questions so the call handler couldn't discuss his account. UKI says on 11 February, it wrote to Mr M again about the outstanding amount.

Mr M then wrote to UKI setting out his complaint. He said in December 2018 he had phoned UKI and explained he didn't want his policy to be renewed, so he was surprised to receive a letter about the cancellation fee. He noted that he had confirmed this point when he phoned UKI on 31 January. As such, Mr M said he was shocked to receive another letter, with the threat the matter would be passed to a debt collection agency. Mr M said he would like to know why his instruction in December had been ignored, and how matters would be put right. Mr M said the situation had caused him distress.

In response to Mr M's complaint, UKI explained that it had no record of any calls or activity on his policy during December 2018. It also explained the outstanding balance was due as cover has been provided until the cancellation date. But nonetheless, UKI explained it was prepared to backdate the cancellation to the renewal date, and waive the outstanding balance, if Mr M could provide proof of insurance elsewhere for this period.

Mr M subsequently forwarded an email he had received in December from another insurer, confirming cover had been taken out. But the email didn't confirm what property had been insured, on what terms, or the start date. Mr M noted he hadn't included the policy documents for data protection purposes.

UKI explained to Mr M that it needed to see his policy schedule for his new policy, to ensure the same subject matter had been insured, and to make sure he had the benefit of continuous cover in case of a claim.

About a week later, Mr M told UKI that he had received a letter from a debt collection agency about the £52. He explained he was unhappy about this as the outstanding amount was still in dispute. UKI apologised and it said it would cancel the debt collection agency, to allow Mr M time to provide the requested policy schedule.

Mr M explained that he hadn't received UKI's previous email requesting his policy schedule. He also asked UKI to explain why the document was needed, when the email from his new insurer showed other cover was in place. Mr M also said UKI could consult a database or contact the other insurer to confirm the details. However, UKI clarified that it required the policy schedule for the reasons previously stated, and it would allow a further two weeks before taking further action on the outstanding amount.

About another week later, Mr M emailed UKI again to explain that he had received a second letter from the debt collection agency. UKI explained that the letter must have been sent prior to its request to the third party to stop further action.

Mr M provided the requested schedule and UKI confirmed the outstanding balance was now being waived. However, Mr M later explained that he was also seeking compensation for the distress he had been caused. He explained he had made three phone calls that had taken over 90 minutes; emailed UKI six times; and received threatening letters and phone calls from the debt collection agency. He also explained a third debt collection letter had been received twelve days after UKI had confirmed the amount was being waived.

In response to Mr M's further complaint, UKI apologised he had received a third letter from the debt collection agency, and it acknowledged that this shouldn't have happened. UKI offered Mr M £50 to apologise for the upset caused.

Mr M was unhappy only £50 compensation had been offered. He referred his complaint to this service, and it was considered by one of our investigators. But she noted Mr M hadn't provided any information to show he had contacted UKI in December to stop the renewal, despite her request for his phone records – and she thought £50 was fair for the debt collection letters that shouldn't have been sent to him.

Because Mr M disagreed with our investigator's outcome, the matter has been passed to me to decide. He said our investigator had only considered one debt collection letter, and three had been sent to him; and he didn't consider £50 to be adequate in terms of compensating him for all his calls and emails to UKI. Mr M also noted our investigator hadn't considered whether data protection protocols had been broken, in respect of his personal information that was passed to the debt collection agency.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Where evidence is inconclusive or incomplete, I have reached my decision on the balance of probabilities – this means I have determined what I consider is more likely to have happened, based on all the evidence that is available and the wider surrounding circumstances.

Having carefully considered the arguments presented by both sides, I've reached the same overall outcome as our investigator, that £50 compensation is fair. I'll explain why.

Mr M says that, during a phone call prior to the renewal date, he instructed UKI not to renew his policy. But *on balance*, I'm not persuaded by what he says here. I say this because UKI says it hasn't been able to find a record of him calling during the month in question, and its systems don't show that his policy was accessed either. Furthermore, both UKI and our investigator have asked Mr M to provide information to show he phoned UKI before the renewal date, but he hasn't responded to those requests.

So, because I'm not persuaded Mr M contacted UKI before his policy renewed, and he didn't ask UKI to cancel the policy until after the 14 days cooling-off period, I'm satisfied that the outstanding amount was owed. The policy terms set out the charges that will apply, for cancellation and time on cover, if a policy is cancelled after the first 14 days. I'm also satisfied these charges were fair and reasonable in terms of our general approach.

That said – and although this *doesn't* make a difference to the overall outcome – I'm not persuaded UKI acted fairly in respect of the debt collection agency. I say this for two reasons.

Firstly, in my opinion, UKI ought to have been clearer about the action it was taking. When responding to Mr M's complaint, UKI offered to waive the outstanding amount once he had proved he had taken out alternative cover. But a week later the debt collection agency was instructed. If UKI still intended to instruct a third party for the debt, whilst waiting for Mr M's proof of cover, it ought to have made that clear in its complaint response letter.

Secondly, at the time the debt collection agency was instructed, Mr M had clearly shown his intention to provide the necessary information. He forwarded the email from his new insurer on the same date UKI made the offer. UKI didn't tell him the email was insufficient until a week later, and on that same date it also instructed the third party. In my opinion, it was unreasonable that Mr M wasn't given more time to provide the policy schedule, before further action was taken. Therefore, I'm persuaded that the appointment of the debt collection agency caused Mr M some unnecessary upset.

I'm also satisfied that UKI is responsible for the further frustration caused by the second and third letters from the third party. I appreciate the second letter may have been sent before the third party received UKI's instruction to place matters on hold, but equally, UKI could have made Mr M aware of this possibility. In respect of the third letter, the outstanding amount had already been waived – so this shouldn't have been sent.

I have decided that it was unreasonable for UKI to have instructed the debt collection agency when it did, and I will go on to consider compensation for the impact this action had on Mr M. However, it's not our role to decide if a business has breached data protection laws. That is for the Information Commissioner's Office (ICO) to decide. As such, Mr M can report his concerns to the ICO if he wishes.

Mr M has highlighted the amount of time he's spent contacting UKI, but much of that contact was due to the outstanding balance. Given I'm persuaded that the £52 was owed by Mr M, I can't reasonably decide UKI is responsible for the inconvenience he suffered disputing it and arranging for it to be waived.

However, I've carefully considered what compensation should be awarded in respect of the upset and inconvenience caused to Mr M by the appointment of the debt collection agency, and its three letters. In doing so, I've kept in mind that in addition to its £50 compensation offer, UKI has already waived £52 – which in my view, it didn't have to. Therefore, in total, Mr M will have had the benefit of £102.

I'm sorry to disappoint Mr M, but having considered *all* the circumstances of this complaint, overall, I'm persuaded that a total of £102 fairly acknowledges the impact of the three debt collection letters. He hasn't said anything that persuades me his upset and inconvenience merits a higher award. Although I don't doubt the letters were frustrating for Mr M, he was aware at the time of receiving them, that UKI was currently working with him to waive the balance.

So, taking everything into consideration, I'm not persuaded that I can reasonably decide UKI needs to increase its £50 compensation offer.

my final decision

For the reasons I've explained above, I don't uphold Mr M's complaint and I make no further award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 30 November 2019.

Vince Martin
ombudsman