

complaint

Mr P has complained that Royal & Sun Alliance Insurance Plc (RSA) cancelled his car insurance policy without his permission and provided a poor service to him.

background

Mr P renewed his car insurance policy with RSA. In April 2018 he noticed a refund on his card statement from RSA and so he called it. RSA said it had cancelled his car insurance policy. It couldn't explain why. Mr P hadn't requested this.

RSA apologised to Mr P and confirmed the cancellation was their error. It set up a replacement policy and backdated it to provide continual cover - but it quoted the wrong registration details on replacement policy documents. It told Mr P that if an incident had happened during the cancellation period, RSA would have provided full indemnity. To compensate Mr P for the distress and inconvenience caused, it paid him £150 compensation.

Mr P asked us to look at his complaint. He wanted RSA to waive a full year's insurance premium and pay more compensation. Mr P said he drives for a living and was very upset about the possible outcomes that could have happened while he was unknowingly driving uninsured.

Our investigator thought RSA should increase the level of compensation it paid Mr P by a further £75.

RSA accepted the investigator's recommendation. Mr P didn't agree. In summary he says:

- RSA hasn't provided an explanation as to why it cancelled his policy in error. He believes it should be able to do this.
- RSA told him it couldn't provide a replacement policy – but later the same day it did.
- Just because none of the outcomes happened as a result of driving uninsured, Mr P doesn't agree this means it should be 'swept under the carpet'.

So the case 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. I agree with the investigator's recommendations to put things right. I'll explain why.

I don't intend to be dismissive of Mr P's concerns as to the possible outcomes had he had an accident – or been stopped by police – while driving uninsured. There are potentially very serious consequences in these circumstances.

Our role is to look at what went wrong, what the business did to put things right, and whether it has awarded fair compensation depending on what the impact of the error was.

Mr P called RSA on a Saturday after noticing a refund from it on his card statement. I appreciate that Mr P spent a considerable amount of time that day in calls to RSA. By the end of the day RSA had put insurance cover in place for him under a new policy.

RSA apologised for its errors. It's not for us to insist that RSA provide an explanation as to why it cancelled Mr P's policy. It admits it shouldn't have. And it confirmed in writing that Mr P was fully indemnified during the cancellation period – if an incident had happened or he'd been stopped by the police for driving without insurance.

I can understand why Mr P was shocked and concerned when he found out he'd been driving uninsured. Fortunately there were no consequences as a result of RSA's error. And the matter was resolved on the day he found out about RSA's error – but I accept that this was due to Mr P's contact with it.

So I agree that RSA acted unreasonably. But as the investigator explained, we consider what happened – not what might have happened – when considering a fair amount of compensation. So in this case, I think it's reasonable for RSA to increase the level of compensation from the £150 it's already paid Mr P by a further £75 to £225. I think this is a fair amount to reflect the distress and inconvenience it caused Mr P by its errors.

my final decision

For the reasons I've given above, my final decision is that I uphold this complaint. I require Royal & Sun Alliance Insurance Plc to pay Mr P a further £75 compensation in addition to the £150 it's already paid him for the distress and inconvenience caused.

Royal & Sun Alliance Insurance Plc must pay the compensation within 28 days of the date on which we tell it Mr P accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 5 March 2019.

Geraldine Newbold
ombudsman