

complaint

Miss P complains that Grove & Dean Ltd did not identify the correct model for her car when arranging her motor insurance policy. She also complains that Grove & Dean has not paid her an appropriate refund after the policy was cancelled and that it did not cancel the policy when she instructed it to do so.

Initial conclusions

The adjudicator recommended that the complaint should be upheld in part.

The adjudicator concluded that it was Miss P who had entered the car registration information into a comparison website and had not then checked the model details brought up. He was satisfied that Grove & Dean arranged cover based on the information that was then provided to them by the website, and that Miss P did not query or correct the vehicle details before the policy was inception. It was only after the policy renewed the following year that she did so.

Following correction of the car details after renewal, Miss P was unhappy with the increase in premium. As a result of this, the policy was ultimately cancelled. Miss P has stated that she instructed Grove & Dean to cancel within the 14 day cooling off period and that she should therefore be entitled to a full premium refund. The adjudicator accepted that there had been correspondence about the policy during this 14 day period, but he could not be satisfied that Miss P specifically asked for the policy to be cancelled.

The adjudicator, however, was not satisfied that Grove & Dean's charges on cancellation of the policy were either fair or reasonable. Specifically, he was not satisfied that it was fair or reasonable for Grove & Dean to 'claw back' commission on top of the £50 cancellation charge set out in its terms of business.

Grove & Dean accepted the adjudicator's findings and agreed to waive the commission claw back which amounted to £59. It subsequently arranged for a cheque for this amount to be sent to Miss P. It also provided documentation showing that a refund of £284.90 had previously been made to Miss P.

Miss P was not happy with this offer and the matter has been referred to me to decide.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I am satisfied, on balance, that Miss P entered the incorrect car registration when obtaining a quote through a comparison website. The website did ask that she check the details that it had recorded. I therefore do not consider it fair or reasonable to hold Grove & Dean responsible for the fact that the wrong model of car was declared, or for the additional premium which was then charged once the error was identified by Miss P.

It is unfortunate that I do not have access to recordings of the various telephone conversations between the parties after the policy was inception. They would have assisted in determining what, if anything, had been discussed regarding cancellation of the policy during the cooling off period. However, there is no evidence in the notes and emails from the

time to show that Miss P had requested a cancellation; only that she was unhappy with the policy. (In addition, emails were sent from Grove & Dean after that period asking her for instructions on how to proceed, which suggests Miss P's concerns had not been resolved nor clear instructions given.) Nor have I seen any documentary evidence showing that Miss P had sought or arranged alternative cover, as might be expected had she given specific instructions to cancel her existing policy. I am therefore not persuaded, on the available evidence, that Miss P had instructed Grove & Dean to cancel the policy within the cooling off period.

When a policy is cancelled, a business is entitled to charge for the work that it needs to undertake to carry out this task. I would expect any such charge to be fair and reasonable. I would also expect a business to clearly set out the extent and basis for the charges to a potential customer before a policy purchase is completed. The £50 cancellation charge referred to in Grove & Dean's terms of business would seem reasonable, and is in line with the charges of other businesses. A £12 renewal fee had also been charged, and that is also reasonable given that the policy had renewed. I am therefore satisfied that it is entitled to make and retain these charges.

I consider, however, that Grove & Dean's attempt to claw back its commission from Miss P was not fair or reasonable. I note that the terms of business do refer to a charge of 'up to 20% of the return premium' in addition to the £50 cancellation charge. However, I am not persuaded that that is reasonably justifiable under the circumstances, nor that it was made clear to Miss P.

Taking into account the insurer's charge and payment for legal cover, I am therefore satisfied that the total refund amount of £344.00 is fair and reasonable. I understand Grove & Dean has already refunded £284.90 of that amount to the card which Miss P used to pay initially.

my final decision

For the reasons above, it is my final decision to uphold this complaint in part. I require Grove & Dean Limited, if it has not already done so, to:

- pay Miss P the sum of £59, representing the claw back of commission which had been deducted from her refund at cancellation;
- pay interest on that amount at the rate of 8% simple per annum from the date of cancellation up until the date of settlement.

I make no other award.

Helen Moye
ombudsman