

complaint

Mrs H complains about Hastings Insurance Services Limited, trading as Hastings Direct. She's unhappy about its decision to settle her car insurance claim proportionately and charge her extra for her policy. She's also unhappy with the service she's received.

background

Mrs H applied for insurance online through a comparison website. She says she declared a speeding endorsement – or penalty points – on the application, but she didn't then check the insurance documents she got later.

In late 2016, Mrs H had an accident and her car was written off. Hastings said it didn't know about the endorsement on Mrs H's driving licence when it agreed the policy. It said her insurance premium would have been 23% higher if it had known, so it would only pay 77% of her claim. It also said Mrs H would have to pay the rest of the higher premium for the year. It accepted its service had been poor; it offered Mrs H £150 by way of compensation and £56.65 for the cost of her phone calls.

Mrs H wasn't happy with that. She was sure she'd declared the endorsement, and she didn't think it was right that she should have to pay the full premium given Hastings wouldn't pay the full claim. She also pointed out that the amount Hastings had offered wasn't enough to clear the finance on the car.

Our investigator found Mrs H hadn't declared the endorsement on her driving licence when she'd applied for the policy, despite having been asked a clear question. So he thought Hastings was fair to settle her claim proportionately and charge her the rest of the policy premium for the year. He also thought its offer of £150 for its poor service, plus £56.65 for Mrs H's call costs, was reasonable.

Mrs H didn't accept that. She still felt she'd been treated very unfairly when she hadn't done anything wrong.

my findings

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

I think there are three issues here: whether Mrs H failed to disclose information she should have given when she applied for insurance, Hastings' decision to settle the claim in the way it did, and Hastings' service. I'll deal with each in turn.

the information Mrs H gave when she applied

Hastings has provided a copy of the screens Mrs H would have gone through when she applied for the policy online. One of the questions is: *"In the last 5 years, have you received any motoring convictions (including fixed penalty endorsements or any pending prosecutions) or been disqualified from driving?"*

Hastings says Mrs H answered "no" to that question. Mrs H, on the other hand, remembers putting in the details of the endorsement.

Penalty points or endorsements aren't motoring convictions. Nonetheless, I think the question Mrs H was asked was clear that she should disclose points or endorsements, as well as any convictions. And Mrs H appears to have understood that's what she was being asked for, given what she's said about having included that information. It's possible there might have been a mistake when Mrs H's answer was passed on to Hastings. But I think that's unlikely here, particularly given that the details she gave about an earlier claim on her car insurance were relayed correctly.

Hastings' records satisfy me that, regardless of what happened, it didn't know about the endorsement when it offered Mrs H the policy. And, importantly, Mrs H received a statement of insurance confirming she'd had no endorsements or fixed penalties in the last five years. The statement said it reflected the answers she'd given when she applied and that it was important she should check it and let Hastings know if anything was wrong. It also said her insurance cover might be affected if she hadn't answered any questions accurately.

Mrs H has explained why she didn't check the documents, and I can understand that she had other things on her mind. But she had the opportunity to correct the information Hastings had and, in the circumstances, I think Hastings was entitled to treat this as a failure to disclose her endorsement.

the settlement of Mrs H's claim

Insurers are entitled to reduce settlements on a proportionate basis if a policyholder didn't pay the correct amount of premium. Usually this would be because information wasn't disclosed. Here, Mrs H didn't disclose relevant information in answer to a clear question when she took out the policy. So Hastings was entitled to reduce her settlement in the same proportion as the increase in premium it would have charged her if it had known about her endorsement.

Hastings says it would still have offered Mrs H a policy but it would have charged her more, so it has settled her claim on that basis. This is normal industry practice, and I don't find it unusual or unfair. Hastings has also told us it has calculated the proportionate settlement wrongly – but that has worked in Mrs H's favour. The calculation I've seen from its senior underwriter satisfies me this is the case. It shows Hastings didn't take into account both the endorsement and the previous claim Mrs H did declare when it calculated the premium she should have paid.

Hastings' records also satisfy me the additional premium it has charged is for the rest of the period of Mrs H's policy. This means it will settle any future claims in full, subject to the usual policy terms. I think Hastings' approach here has been reasonable and its mistake with the calculation has worked to Mrs H's advantage.

poor service

There's no dispute that Hastings caused delays and Mrs H had to chase things up. It's also clear that it gave Mrs H conflicting information, and I think that caused her unnecessary disappointment. However, I find Hastings has made a fair offer of compensation in recognition of all of that.

conclusions

I realise that Mrs H will be unhappy with the conclusions I've reached and she's left owing money for a car she no longer has. But, for the reasons I've explained, I think Hastings has done enough to put things right. Mrs H has a 'market value' policy – so it wouldn't necessarily have covered the remaining cost of the finance on the car – and I've found Hastings was entitled to deduct the amounts it did from the settlement.

my final decision

My final decision is that Hastings Insurance Services Limited, trading as Hastings Direct, has made a fair offer of compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 4 August 2017.

Janet Millington
ombudsman