

The complaint

Mr K complained about the administration of his motorcycle policy and the service provided by Atlanta1 Insurance Services Limited (“Atlanta”) after he had an accident. Atlanta were Mr K’s broker for his motorcycle policy.

What happened

Atlanta arranged Mr K’s motorcycle policy, which included additional cover for his helmet and leathers. The policy was paid for on a finance agreement using monthly instalments.

Mr K said he was given misleading advice when he first reported the accident to Atlanta. Mr K said he asked if he’d need to cancel the policy and he said he was told it would be cancelled for him. Mr K said direct debit payments were taken by Atlanta for three further months, so he then cancelled his direct debit mandate.

Mr K said Atlanta made it impossible to make a claim under the helmet and leathers part of the policy. Mr K said he sent them several emails about making a claim and he said he questioned having to continue to pay monthly. Mr K said Atlanta always told him he had to claim by telephone. Mr K said he tried to make a claim over the phone numerous times, but the phone was never answered. Mr K was unhappy when Atlanta claimed he’d only made two attempts to make a call to claim. Mr K was also unhappy Atlanta didn’t pass on information to the insurer efficiently in order to allow his claim to progress.

Mr K said he received multiple letters, emails and text messages about an outstanding balance on his policy. However, Mr K said he spoke to the finance company who arranged the finance agreement, and the finance company told him there was no balance to pay.

Mr K said he raised a complaint on 4 January 2021, and he was told it would be resolved within 21 working days, but during that time he was charged the outstanding balance which he said was still under dispute. Mr K said this was charged automatically to his bank card and he said it caused him financial difficulties.

Atlanta said on 5 November, it was informed Mr K had cancelled his direct debit for his monthly instalments. Atlanta said, “*when making a claim on your insurance policy for a fault accident, the full premium is due*”. Atlanta made several attempts to contact Mr K, but as no payment had been received it cancelled the policy on 17 December 2020, resulting in an outstanding balance of £136 after a £50 cancellation fee was added.

Our investigator decided not to uphold the complaint. She thought the compensation paid by Atlanta was fair for the delays it caused in the separate claim for helmet and leathers. She thought Atlanta had made reasonable efforts to discuss the outstanding premium that was owed. She didn’t identify any other areas of poor service. Mr K disagreed, so the case has been referred to an ombudsman.

My provisional decision

I issued a provisional decision on this on 10 November 2021. I said:

“Before I set out my decision, it’s important to note this complaint is against Atlanta who acted as a broker for this policy. Therefore, my decision will only focus on activities that Atlanta would be responsible for. A broker would normally be responsible for the administrative and payment aspects of the policy.

There were other parties involved in this claim, including the insurer who handled the claim and decided whether the claim was accepted. There was also a finance company who provided a finance agreement. As neither of these roles were fulfilled by Atlanta, these activities will not be considered in my decision here.

I have considered this decision in two parts.

Collection of the outstanding balance

Mr K said Atlanta offered misleading advice – he said he was told his policy would be cancelled. I haven’t seen any evidence to support this and I think it’s unlikely this would happen, as it would be very unusual. So, whilst I’m not saying it didn’t happen, I’m not persuaded it did, so I’m not going to consider this any further.

Atlanta said it collected the outstanding balance in line with the policy terms. As Mr K had stopped his direct debit payments, it cancelled his policy. As this is allowed under his policy, I think this is fair. The policy allows Atlanta to add a £50 administration fee for this, as it was cancelled outside of the 14-day cooling-off period. So, I think it’s reasonable Atlanta have done this.

Atlanta set out that when a fault accident occurs the full premium is due. This is normal in the insurance industry and Atlanta have administered the policy in line with the insurer’s terms. So, I don’t think it has been unreasonable in charging Mr K for this cost.

Whilst I think Atlanta has been correct in charging the £136, I have also looked at some of the communications that took place to see if I think it was reasonable in communicating this outcome to Mr K.

Mr K said he’d spoken to the company that arranged the finance agreement and it had said no monies were owed to them. Atlanta has explained that once the policy is cancelled, the debt is passed to a debt collection agency. So, at that point the finance company would no longer show a debt against Mr K, so I don’t think that’s unusual.

Mr K said he wrote several letters to Atlanta asking about the monthly payments. I have seen some of these, but these were addressed to a few different parties, so Atlanta would probably only have seen one or two of these communications from Mr K. It’s unclear whether Atlanta responded directly to Mr K on these communications. However, Atlanta said it communicated heavily with Mr K to try and contact him about the outstanding debt, which it has evidenced. I appreciate with the different parties involved in this relationship, it may have been confusing for Mr K. However, I think Atlanta have been reasonable in trying to make him aware of the impact of him cancelling his direct debit and in updating him on the outstanding payment due, so I don’t think it has been unfair in charging Mr K the outstanding balance.

Mr K said the outstanding balance was taken directly from his card before his complaint had been resolved. Mr K said the complaint would be resolved within 21 days, but it appears that Atlanta took the payment ahead of this time. I don’t think this was fair. Whilst I have explained the amount was justified, I do think Atlanta should have properly dealt with the complaint first before taking a payment automatically from Mr K’s bank card. Mr K has said this left him in some financial difficulty as he wasn’t expecting the payment. Therefore, I do

uphold this part of the complaint.

Customer service

Mr K said it was impossible for him to make a claim on his helmet and leathers part of the policy. Unfortunately, in this decision, I can't consider anything to do with the claim with the insurer. Mr K would need to make a separate complaint against his insurer.

Mr K said he struggled to get through to the claim number provided by Atlanta. Mr K said he had tried to make many calls through to the claim lines. He was disappointed Atlanta challenged the number of times he tried to call. I can understand that, but I don't think it impacted on the outcome of what happened, so I'm not going to consider that specific point any further. Atlanta did say the insurer were experiencing difficulties with their phone lines and it also said it provided input to the insurer of Mr K's difficulty in getting through. So, I don't think Atlanta has done anything wrong here.

However, I do think Atlanta should've tried to help Mr K more with his claim. I don't think the literature issued by Atlanta was clear. The welcome letter sent to Mr K said there was only one number he needed to call after experiencing an accident. This was written in very large font as if to represent a special quality about the policy sold. Unfortunately, that wasn't true, as Atlanta then told Mr K had to ring a different number to his insurer for helmet and leathers.

Atlanta has already apologised for not contacting the insurer for starting Mr K's claim for helmet and leathers and for not passing the correct information on. It has paid Mr K £50 compensation for this.

However, I don't think this offer has gone far enough in compensating Mr K. He has bought a policy to provide him with cover when he needed it and he would've expected his broker to have supported him in his claim, not to have hindered it. Therefore, I also, uphold this part of the complaint.

In summary, I think Atlanta has failed Mr K. I don't think it should have taken the money from him automatically. He seemed confused who the different parties were who were involved in the claim and I think Atlanta ought to have been aware of this from the communications Mr K sent. I think Atlanta should've waited until it had concluded on his complaint before taking Mr K's payment. I also think it has fallen short in providing the support he should've expected when he was having difficulty making his claim. Therefore, I award compensation of £100 for the distress and inconvenience caused in the delay to his claim and the financial difficulty he's suffered by having a payment taken when he wasn't expecting it".

Responses to my provisional decision

Atlanta accepted my findings and didn't have anything to add.

Mr K didn't reply to my provisional decision.

What I've decided – and why

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

Given neither party has provided any new information, I see no reason to change my provisional decision.

My final decision

My final decision is that I uphold this complaint. I require Atlanta 1 Insurance Services Limited to pay Mr K:

- £100 – compensation for distress and inconvenience caused by the claim delay and financial difficulty (in addition to the £50 Atlanta has already paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 10 January 2022.

Pete Averill
Ombudsman