

The complaint

Mr S complains that Europa Group Limited hasn't provided a refund payment that was due after he cancelled his motor insurance policy. He wants the refund to be paid.

What happened

Mr S's premium increased significantly at renewal in September 2021. He had a telematics box fitted in his car which recorded his mileage. This was higher than expected, which resulted in a rise in his premium. The renewal notice was sent in August 2021. Mr S says he didn't check the renewal information before it came into force.

Mr S noticed the increased payment that was taken in September 2021 and contacted Europa to cancel the policy. It transferred the payment back the same day. Unfortunately, later that month the same amount was taken again, plus an added £27.50 missed payment fee. This was an error on Europa's part. Mr S says this caused him problems paying his rent and other bills.

Europa refers to its policy terms that require a payment of £162.08 when cancelling in these circumstances. This meant a refund of £237.62 was necessary. This was paid to Mr S by cheque for £88.70 and a refund to his debit card for £148.92. Europa says its process to counter money laundering is to refund to the same means of payment its customer used when purchasing the policy. But its system limits this amount to no more than the first payment its customer provided. It says this is why part payment by cheque was necessary.

Mr S received the cheque and banked it without issue. He says he didn't receive the refund to his card.

Europa says the payment was made and provided an Acquirer Reference Number (ARN) to prove it had made the payment. Mr S's bank says it hadn't received the payment. Mr S provided bank statements to show the payment hadn't been received, but Europa maintained the payment had been made.

Mr S referred his complaint to our service. Our investigator upheld his complaint. He didn't think Europa had explained why the debit card payment was limited in the way described. He thought the full payment could have been made by cheque, which will have avoided this problem. He felt Europa was responsible for ensuring the refund was received and caused Mr S inconvenience by referring him back to the bank.

Our investigator thought it fair for Europa to pay Mrs S the outstanding amount for £148.92 plus 8% interest. In addition to £100 compensation for the inconvenience caused for not taking appropriate steps to ensure the refund was received.

Europa disagreed with this outcome. It says it followed the correct process in making the payment and supplying Mr S with his ARN. It asked that an ombudsman review the complaint.

It has been passed to me to decide.

I issued a provisional decision in March 2022 explaining that I was intending to uphold Mr S's complaint. Here's what I said:

provisional 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 my intention is to uphold Mr S's complaint in part. I appreciate this isn't the outcome he wanted, but I will explain why I think my decision is fair.

Mr S accepts that there were charges payable for cancelling the policy when he did. He doesn't dispute that he's responsible for paying these charges. My focus here is to consider whether Europa treated Mr S fairly when refunding the difference between what it took and the fees applied at cancellation.

The payment Europa took in error was for £434.70. Removing the fees applied at cancellation left £237.62. £148.92 was refunded to Mr S via his debit card and £88.70 was paid by cheque.

I asked Europa for a fuller explanation of why it paid the refund partly by cheque and partly by a card refund. It says that in order to comply with money laundering regulations it must provide refunds using the customer's payment method when the policy was set up. It says its system is also set up to limit any refund to no greater than the initial payment the customer made. This meant it had to provide a cheque payment for the remaining amount.

Europa is required to comply with money laundering regulations. So, I think it correctly paid the refund back to the card and account the premium was originally taken from. In the circumstances, as the refund was greater than allowed by Europa's system, I think it was reasonable to provide the remainder by cheque. Mr S received this cheque and paid it into his bank account so there was no problem in this respect.

I asked Europa to provide information to show the refund was processed to Mr S's card. It supplied screenshots from its system records that show £148.92 was refunded at the beginning of October 2021. The records show this was paid to the card Mr S had registered with Europa, which it used to collect premiums. It has also provided its records that show the ARN was obtained and provided to Mr S in mid-October.

I can understand this situation is very frustrating for Mr S as he has yet to receive the refund for the payment that was taken in error. But I can't say Europa made a mistake. It paid the refund correctly to Mr S's card following its procedure. When Mr S advised he hadn't received the money it investigated and provided an ARN so he could pursue the matter with his bank.

I think Europa acted reasonably in relation to these points and so I won't be asking it to provide the refund again. I think Mr S needs to complain to his bank in order to locate his money. If he isn't happy with its response, he can refer his complaint to our service.

Mr S explains the money taken in error by Europa set him back in paying his bills, including his rent. He says his rent is due on the first of the month and he wasn't able to pay this on time. From Europa's records the refund wasn't processed until a few days after Mr S's rent was due. From his bank statement I can see the cheque didn't clear in his account for a further ten days after this. I don't doubt that this caused Mr S difficulty paying his bills and rent. Europa is at fault for this money being taken. Even if the card refund had been received this was too late as was the cheque.

In summary I don't think Europa treated Mr S fairly when it took £437.50 in error. It should pay Mr S £100 compensation to acknowledge the hassle, inconvenience, and stress this caused him when paying his bills and rent. But I think Europa did behave fairly when providing the refund payment. So, I won't be asking it to do anything further in relation to this point.

I said I was intending to uphold the complaint in part and that Europa Group Limited should:

- pay £100 compensation to Mr S for the inconvenience and stress it caused him.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Mr S responded to say he accepted my findings.

Europa didn't respond with any further comments or information.

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.

As neither party has made any further submissions or provided further evidence for me to consider, I see no reason to change my provisional findings.

So, my final decision is the same as my provisional decision and for the same reasons.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that Europa Group Limited should:

- pay £100 compensation to Mr S for the inconvenience and stress it caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 19 July 2022.

Mike Waldron
Ombudsman