

The complaint

Mr R complains about the fees charged by Bennetts Motorcycling Services Limited trading as Bennetts when he cancelled a motorcycle insurance policy.

Mr R's also unhappy that an outstanding debt related to these fees was passed to a debt collection agency, and the lack of a response when he complained about the fees.

What happened

Mr R insured a motorcycle on a policy arranged with Bennetts. During the course of the period of cover, Mr R decided to cancel the policy and contacted Bennetts to do so. Bennetts responded to say that the policy had been cancelled, but that £40.03 was payable.

Mr R queried this, and requested a breakdown of how this amount had been calculated. He says in doing so, he was making a complaint. Bennetts responded to Mr R, providing a breakdown of the fees involved. Bennetts passed the outstanding amount to a debt recovery agency.

Mr R emailed Bennetts around two weeks later, saying he'd had no acknowledgement of his complaint. Bennetts acknowledged, and subsequently rejected, his complaint.

Mr R referred his complaint to our service. Our investigator thought Bennetts had acted fairly. Mr R didn't agree and asked for an ombudsman's 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.

When Mr R took out the policy, he was provided with the terms and conditions of the policy, which included details of the fees payable for cancellations and amendments. Of relevance to this complaint, the terms and conditions say "*If either you or we cancel at any time after the first 14 days, we will charge a fee of £50.00.*" I'm satisfied this condition was clearly stated in the documentation provided to Mr R. The condition isn't ambiguous or unclear, and plainly states the £50 charge will apply. There's no suggestion of any exceptions to this, or that the amount will be reduced depending on the circumstances.

Mr R believes the cancellation fee of £50 is disproportionate. In an email to Bennetts, he said "*three times the monthly fee is not a reasonable charge, particularly if it's a nonsensical 'admin fee' that you're justifying with a minimum-wage administrator having to click a few buttons.*"

The £50 cancellation fee is the same irrespective of the premium, or how that premium is paid. This is what I'd expect to see – it isn't reasonable to have a higher charge for a more expensive policy as the work which is required to cancel a policy is the same regardless of the premium.

I'm also satisfied the £50 cancellation fee is a fair reflection of the work required to cancel

the policy. Cancelling the policy involves a number of tasks, including the updating of the policy details on systems, calculating the appropriate refunds or further payments due and contacting the policyholder. Insurers can't use the cancellation fee to profit, but I think the £50 charged here is reasonable in the circumstances. The fee isn't disproportionate and is in line with the amount typically charged by insurers when a policy is cancelled.

Bennetts initially responded to Mr R's request to cancel the policy, confirming this had been done and that an outstanding amount of £40.03 was due. Mr R responded, asking for a breakdown and disputing the amount due. A full breakdown of the costs he'd paid, and the costs incurred was provided, showing how the £40.03 figure had been reached. I'm satisfied Bennetts provided a suitable breakdown of the amounts, which detailed how they'd been calculated and why Mr R owed the amount in question.

Mr R's also unhappy Bennetts passed the debt onto a recovery agency. I understand why he'd be concerned about this but Bennetts has said that where an outstanding amount hasn't been paid within 7 days, its process is to refer it to a debt recovery agency. Our service won't usually tell a financial business how it should operate or what processes it should follow to recover debts.

I can understand Bennetts' reasons for passing debts to a recovery agency, as it removes the need for them to use their own resources for that task. Bennetts passed the debt to the recovery agency when Mr R didn't pay the outstanding amount and had been provided a breakdown of the costs. I'm satisfied it acted reasonably in doing so.

Mr R also says that when he complained about the outstanding amount being requested, he didn't receive any acknowledgement of his complaint until he chased it more than two weeks later.

I've looked at the email exchange between Mr R and Bennetts around the outstanding amount and fees. I'm satisfied that Bennetts' response to the email from Mr R was reasonable. While it's clear from the content of the email that he's disputing whether it's fair for Bennetts to say he owes £40.03, he asks in the email for a breakdown of the costs, and that he'd like to "*contest any fee that is disproportionate.*" He also said he wanted an apology "*for the blasé way in which this has been administered.*"

In its response, Bennetts apologised for any distress and inconvenience caused. It also provided a full breakdown of the costs and invited Mr R to contact its customer services department if he wanted to discuss the matter further. I think from the content of Mr R's email, and the response from Bennetts, it was fair for Bennetts to conclude it had responded to the points made by Mr R and if he wanted to further dispute the outstanding amount or how it had been calculated Bennetts had explained how he could do so. I think it acted reasonably in not treating Mr R's email as a complaint.

Once Mr R responded further, saying his complaint hadn't been acknowledged, Bennetts did so. It also provided its response to the complaint within a few days. The rules about how insurers handle complaints say that a final response needs to be issued within eight weeks of the complaint being made, at which point the complainant can refer their complaint to our service. There's no dispute that Bennetts response was issued within eight weeks, regardless of whether the complaint is considered to have been made when Mr R sent his first email, or his second email more than two weeks later.

I'm satisfied Bennetts responses and the actions it took in response to Mr R's emails were reasonable.

My final decision

It's my final decision not to uphold this complaint. I don't require Bennetts Motorcycling Services Limited trading as Bennetts to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 9 December 2022.

Ben Williams
Ombudsman