

The complaint

Mr P and Ms M complain that Hastings Insurance Services Limited (“Hastings”) debited more than they should’ve for a monthly instalment towards their premium for their car insurance policy.

Ms M has acted as the main representative during the complaint process. So, for ease of reference, I will refer to any actions taken, or comments made, by either Mr P or Ms M as “Ms M” throughout the decision.

What happened

Ms M renewed her policy through Hastings and then, around a month later, she informed them of her change of address. Ms M says she received a document confirming her monthly direct debit for her premium would be £58.57 but a higher amount was debited from her account. Ms M complained and said Hastings had broken the terms of the contract by debiting more than they said they would.

Hastings responded and explained, after Ms M changed her address using the online service, this generated an additional premium. Hastings said documents were sent to Ms M which said they’d made changes to the policy which had a total cost of £156.80 and showing the monthly instalments to be the same as before the change was made. Hastings said the correct monthly instalment should’ve been recorded as £72.83. Hastings accepted an error had been made in their communication and confirmed they’d sent £50 compensation.

Our investigator looked into things for Ms M. She agreed Hastings had made an error and thought Hastings’ offer of £50 was fair. Ms M disagreed so the matter has come to me for a 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.

Having done so, I’ve decided Hastings’ offer is a fair way to resolve matters. I understand Ms M will be disappointed by this but I’ll explain why I have made this decision.

Firstly, I’ve looked at the service given to Ms M. My role requires me to say how a complaint should be settled quickly and with minimal formality and so I’ll focus on what I consider to be the crux of the complaint and the main areas of dispute.

The key facts about the complaint aren’t in dispute. Hastings accept they got things wrong when they informed Ms M about the incorrect monthly instalment in their payment schedule. The only issue I have to decide is whether their offer of £50 is fair and reasonable in the circumstances.

I think it’s right that Hastings should compensate Ms M for the confusion, frustration and inconvenience caused. To help decide what a fair and reasonable level of compensation should be, I’ve looked at the error by Hastings and the impact it has had.

I can see Hastings sent Ms M a letter in August 2023 confirming her policy had renewed. This contains a payment schedule which lists an initial monthly instalment of £58.52 followed by 11 monthly instalments of £58.57. Hastings then sent Ms M a letter in September saying they've updated her car insurance details – and there's a table which shows it's the address details which have been changed. The letter says, "*Making this change will cost £156.80*" and this price includes a premium increase of £118.21. The letter also says, "*We've spread the additional cost of your premium across your remaining Direct Debit instalments. This means the new monthly payment will be £58.57. Please see your new payment schedule for more details.*" The payment schedule shows monthly instalments of £58.57 being due for the remainder of the policy year. I can see Hastings have since sent a revised payment schedule showing the monthly instalments as £72.83.

It's clear there has been an error here. Although I can see the September letter made it clear the change had generated an additional premium and what that amount was, the payment schedule enclosed with this letter hadn't been updated and listed the same monthly instalment amount as set out in the payment schedule sent with the August renewal letter. So, I accept it did cause confusion for Ms M when a higher monthly instalment was debited from her bank account and also frustration when Hastings later explained the reason for this. It's clear there was then inconvenience to Ms M in having to contact Hastings to query this.

I've taken into account the above factors, and I've also taken into account the September letter, while referring to an incorrect monthly instalment amount, did make it clear an additional premium was due. The letter set out the additional price to pay was £156.80 and that this would be spread across the remaining monthly instalments due. So, while I accept there was an inconsistent message in the September letter when comparing the notice about the additional premium with the payment schedule, I can't say the letter was wholly incorrect.

I've also taken into account the period over which there was an impact on Ms M. It was only when the first instalment was taken after the change was made that Ms M discovered there was a problem. As mentioned above, I accept this caused confusion, but I think this was addressed when Hastings then explained why an amount higher than what Ms M was expecting had been debited. I accept it then caused frustration and that again is an impact that I've taken into account. But had Hastings not made an error here and correctly amended the payment schedule in the September letter, then the position here would've been as it is now – which is Hastings debiting an amount of £72.83 for the remainder of the policy year.

So, taking this all into account, there has been confusion, frustration caused to Ms M together with inconvenience in having to contact Hastings about this. Taking into consideration the impact on Ms M, I think Hastings' offer of £50 compensation is fair and reasonable in the circumstances.

I can see Ms M points towards there being a discrepancy between the amount clearly communicated to her in the payment schedule and the actual amount debited. She says it goes against the requirement for a business to ensure customers can make well informed decisions and trust the information provided to them.

I agree with Ms M and, as I've mentioned above, it's clear an error has been made which led to Hastings debiting an amount Ms M wasn't expecting. Ms M also points out there has been inconsistency in communication here – and again, I agree. The September letter notes an additional premium being due but that isn't then reflected in the payment schedule. These are factors I've taken into account when assessing a fair and reasonable level of compensation here. And, for the reasons I've mentioned, I think £50 is fair and reasonable in the circumstances here.

I can see Ms M believes a fair resolution here would be compensation of £156.80. I do acknowledge Ms M's reasons, but I believe £50 compensation is reasonable here. I say this having taken into account the impact of the error and the duration of that impact, which I've mentioned above.

I wish to reassure Ms M I've read and considered everything she has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

My final decision

Hastings Insurance Services Limited have already made an offer to pay £50 compensation to settle the complaint, and I think this offer is fair in all the circumstances.

So my decision is that Hastings Insurance Services Limited should pay £50 to Ms M, if they haven't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Ms M to accept or reject my decision before 26 February 2024.

Paviter Dhaddy
Ombudsman