

The complaint

Mr A and Mrs M complain about the way Carole Nash Insurance Consultants Ltd (“Carole Nash”) cancelled their motor insurance policy following a missed payment.

What happened

Mr A and Mrs M had a motor insurance policy arranged through Carole Nash, which is a broker.

The policy started in February 2023 and was held in Mrs M’s name with Mr A as a named driver. The policy was paid for using a third-party finance agreement.

The May instalment was missed. The third-party finance company tried to take that payment again on 9 June but it was again declined. So Carole Nash wrote and emailed Mr A and Mrs M on 13 June telling them their policy would be cancelled in seven days unless payment was received.

On 20 June Carole Nash called the contact number it had for Mr A and Mrs M. Mr A answered, but Carole Nash could only deal with Mrs M.

Mr A told it that he’d call back with Mrs M about three hours later to pay the missing instalment. But when they did, Carole Nash told them it had already cancelled the policy.

Mr A and Mrs M complained. They said they didn’t like the tone of Carole Nash’s representative during the call. They also said they would have to take out a new policy that was more expensive and they wanted the extra cost reimbursed.

Carole Nash said they thought the call was handled fairly because its representative needed to put across some important information to Mr A and Mrs M. It said the reason their new policy cost more was because Mr A’s occupation had been corrected and the new premium was much higher as a result. Carole Nash agreed to repay its cancellation charge of £50 and its £40 set up fee.

Mr A and Mrs M remained unhappy and brought their complaint to this service. They ask for their policy to be reinstated. They haven’t insured the car since the policy ended. They also want extra charges repaid.

Our investigator looked into it and said he thought it would be upheld. He also thought Carole Nash should pay Mr A and Mrs M £400 compensation for their inconvenience.

Carole Nash didn’t agree with the view. It previously said it would agree to pay £250 compensation but didn’t agree with the higher amount.

Because it didn’t agree, Mr A and Mrs M’s complaint has been passed to me to make a final decision.

I issued a provisional decision altering the amount of compensation I thought Carole Nash should pay:

At the centre of this complaint is a call from Carole Nash on 20 June to Mrs M, but taken by Mr A, during which the possible payment of the missing instalment was discussed.

For whatever reason, Carole Nash's representative came off that call and cancelled their policy straightaway, when a more appropriate time would have been at the end of that day in-line with the letters already sent by it to them.

That said, Mr A and Mrs M had already missed two payments and had been sent an email and letter telling them what was about to happen. I can't see that they discussed the missing payment or their plan to pay it with either Carole Nash or the third-party finance company.

But I can see that Carole Nash's early cancellation of their policy caused some distress to Mr A and Mrs M.

Mr A and Mrs M have asked that their policy is reinstated. This isn't something that can be done with a motor policy as it would effectively mean the policy was backdated.

I've thought about the reasons why Mr A and Mrs M asked for this to happen, and I think it's likely that it was because of the large premium increase when they searched for a replacement policy.

I've looked at the information used by Mr A and Mrs M when they set up their policies. On the old policy with Carole Nash, Mr A said he worked in an abattoir. Then when they obtained their new quote, he changed that occupation to a taxi driver.

Carole Nash said this job change was the likely reason their quote had increased by so much and I think this is reasonably correct as insurers tend to charge higher rates for taxi drivers' private car policies.

It's my understanding that Mr A and Mrs M haven't taken out a new policy on their car. I don't know why they've taken this approach, but I can't fairly say it's Carole Nash's fault that they've chosen to not buy a new policy. Their new premium will be higher, but as I say above it's likely to have changed so much due mainly to Mr A's occupation being changed.

It's also important I say that Carole Nash has told this service it hasn't placed any cancellation markers on their records about their policy ending. So, it's my understanding that Mr A and Mrs M don't need to tell other insurers about this in future. If Carole Nash hasn't already confirmed this to them, then I'd ask that Carole Nash write to them to tell them this.

I've also considered Carole Nash's actions following its early cancellation of the policy. I've said above that it waived two fees totalling £90 and I think this is fair and reasonable. I've thought carefully about Mr A and Mrs M's distress and inconvenience and considered this service's guidelines on compensation. I'm not persuaded that their distress and inconvenience caused by Carole Nash is significant enough to warrant a payment of £400.

Having taken everything into consideration, I think £250 is the appropriate level of compensation.

Responses to my provisional decision

Both parties accepted my provisional decision. Mr A and Mrs M also said they hadn't received the full fee refund of £90. I asked Carole Nash about this and it said it would make payment to them for the remaining amount.

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 both parties accepted my provisional decision, my final decision and reasoning remains the same as in my provisional decision.

My final decision

Carole Nash has already made an offer to pay £250 to settle the complaint and I think this offer is fair in all the circumstances.

So my provisional decision is that Carole Nash Insurance Consultants Ltd should pay Mr A and Mrs M £250 compensation for their distress and inconvenience.

Carole Nash Insurance Consultants Ltd must pay the amount within 28 days of the date on which we tell it Mr A and Mrs M accept my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Mrs M to accept or reject my decision before 22 March 2024.

Richard Sowden
Ombudsman