

The complaint

Mr I complains Adrian Flux Insurance Services Group (Adrian Flux) unfairly cancelled his motor insurance policy.

What happened

Mr I took out a motor insurance policy using Adrian Flux as his broker.

Mr I's policy premiums increased during the term of the policy, and he agreed to take out an instalment plan to pay for the increased amount due for his premiums.

The first payment was made by debit card. When Adrian Flux tried to collect the second payment it was declined by his bank.

Adrian Flux wrote to Mr I to inform him of the missed payment and gave him seven days to make the required payment. This was not made so his policy was cancelled.

As Mr I was not happy with Adrian Flux cancelling his policy, he brought the complaint to our service.

Our investigator upheld the complaint. They looked into the case and did not think Adrian Flux made reasonable attempts to contact Mr I to make the missed payment and therefore the cancellation of his policy was unfair. They felt Adrian Flux should waive all the outstanding administrative fees, remove any notice of policy cancellation from Mr I's motor insurance records and pay him £100 compensation.

As Adrian Flux and Mr I are unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

What I provisionally said

I saw Mr I agreed to pay a monthly instalment amount to Adrian Flux for ten months starting in July 2023. He said due to a family incident he forgot to transfer the funds into his account to cover the instalment payment due in August 2023 and therefore his bank had declined to pay due to insufficient funds in the account.

Mr I said he didn't get any notification from his bank that the payment had failed.

In the terms and conditions of Mr I's policy with the insurer it says;

"We or your insurance broker or intermediary can cancel this policy by sending you seven days' notice to your last known address. The reason for cancellation will be set out clearly in the communication with you. Valid reasons include, but will not be limited to, those listed below;

- Where we are unable to collect a premium payment due to insufficient funds in the account you have nominated to pay from (notice will be sent to your last known address allowing you an opportunity to rectify the situation, and confirming that a second attempt to collect the payment will be made)."*

Mr I said due to a difficult day, in which he had a sensitive family situation to contend with, he had forgotten to transfer funds into his account to enable collection of the instalment due to Adrian Flux. So I cannot fairly hold Adrian Flux responsible in any way for the failure of the required payment. However I have considered if it acted within the terms of the agreed policy and gave Mr I a fair opportunity to rectify the issue with the failed payment.

I saw Adrian Flux sent notification to Mr I on 22 August 2023 which was the day after the collection of the required payment failed. This was issued by email and it directed him to his online account. It also said it sent the notification by post.

Mr I said he was not aware that the instalment due in August 2023 had not been able to be collected and by the time he knew about it, it was too late. But I also saw evidence in which he said he did remember receiving a vague email on 22 August at 11:28 to say there was a letter for him to view with regards to his policy cancellation. He said he could not see the correspondence in his online account when he looked.

I looked at this email and it makes clear its intention to cancel his motor insurance policy within seven days, directs him to his online account and tells him to call it immediately.

I saw the next notification sent to Mr I by Adrian Flux was eight days later on 30 August 2023. This confirmed cancellation of his policy had taken place and gave details of an outstanding balance of £269.37.

The terms of the policy do say a second attempt to collect a payment will be made and I have seen no evidence that such an attempt was made.

I think Adrian Flux could have tried other contact options and given a second notice when Mr I did not respond after the seven days. I do not think going from notification of failed payment to policy cancellation in seven days was sufficient notice due to the implications of a policy cancellation.

I have seen no evidence of any other failed payments so it is likely Mr I would have organised sufficient funds if he was given a fair notification and time to settle. I do not think Mr I would intentionally put himself in the position of having a policy cancelled.

Therefore I do not think Adrian Flux fairly cancelled Mr I's policy as I do not consider reasonable notification was given to him before cancellation took place

I intend to uphold Mr I's complaint. I intend to require Adrian Flux to remove any notice of policy cancellation from his records, remove the fees relating to cancellation and pay £100 compensation for the worry and inconvenience caused to him in organising alternative motor insurance cover.

In correspondence to Mr I in September 2023 Adrian Flux said although it did not agree it cancelled the policy unfairly it was keen to resolve his complaint and already offered to remove the cancellation fee meaning an outstanding balance to £151.50.

The fair resolution in this case is that Adrian Flux charge Mr I only for arrangement of his policy and the premiums due whilst cover was in place. And as an instalment plan was in place the premium credit interest and facility fee should also be paid. I intend for Adrian Flux to remove all other fees and commission.

This amounts to a total of £324.53.(policy arrangement fee £100, premiums due £193.43, premium credit interest £31.10). Mr I has already paid £208.03 during the term of the policy so this will mean an outstanding balance of £116.50.

Responses to my provisional decision

Mr I did not respond.

Adrian Flux responded and said it accepted the 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.

As no further evidence has been submitted for consideration by either Mr I or Adrian Flux, I maintain my provisional decision and I uphold Mr I's complaint.

Putting things right

I require Adrian Flux to remove any notice of policy cancellation from his records, remove the fees relating to cancellation and pay £100 compensation for the worry and inconvenience caused to him in organising alternative motor insurance cover.

My final decision

For the reasons I have given I uphold this complaint.

I require Adrian Flux Insurance Services Group to

- Remove from Mr I's outstanding balance the cancellation fee, mid-term adjustment fee and debt fee. Plus remove the commission charged.
- Remove any notice of policy cancellation from Mr I's records.
- Pay £100 compensation for the worry and inconvenience caused to him in this case. (This does not need to be paid by Adrian Flux Insurance Services Group to Mr I until the outstanding balance has been settled).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 25 March 2024.

Sally-Ann Harding
Ombudsman