

The complaint

Miss S has complained about the way Action 365 Ltd administered the cancellation of her commercial motor insurance policy and the amount it charged her when it was cancelled.

Any reference to Action 365 includes its agents.

What happened

The background to this complaint is well known to Miss S and Action 365. In my decision, I'll focus on giving the reasons for reaching the outcome that I have.

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 to uphold it for these reasons:

- Action 365 failed to pick up on Miss S's final message via their webchat service on 26 June 2023 which made it clear she wanted the policy cancelled. So, while it does seem Miss S changed her mind a few times on whether or not to cancel the policy, it's clear Action 365 should have cancelled the policy from this date. Action 365 does seem to accept this.
- Action 365 has provided a copy of its terms and conditions and demonstrated to my satisfaction that these were provided to Miss S when she took out the policy. They show there is a £100 new policy inception fee. And I think it is clear that as a set-up fee this is non-refundable. They also say there is a £45 cancellation fee if the policy is cancelled in the first 14 days. As it happens Action 365 has only charged a £55 set up fee and a £45 cancellation fee, i.e. it has deducted £100 to cover its fees, which I consider reasonable as the fees were brought to Miss S's attention.
- Also, I think the deduction of the fees is reasonable because, despite the issues with the policy details, Miss S could have kept the policy if she had wanted to, having managed to amend it to show her van did have signage. Although, I do of course appreciate that she got rather frustrated not being able to get through to Action 365 when she called them due to long hold times.
- Action 365 has explained the premium due for the short time Miss S was on cover charged by the insurer is £9.98. And that this means the premium refund due to Miss S from when the policy should have been cancelled on 26 June 2023 is £965.03. The new business and cancellation fees need to be deducted from this, leaving a refund due to Miss S of £855.05. Miss S only received £731.65 from Action 365. So, I consider she should receive a further £123.40, which is in line with what Action 365 has suggested.
- Interest needs to be added to this amount at 8% per annum simple from 26 June 2023 to the date of payment to compensate Miss S for being without these funds for this period.
- I agree with our investigator that Action 365 provided a poor level of service to Miss S at times and this caused her distress and inconvenience. Action 365 has suggested it should not be held at fault for the long hold times Miss S experienced when trying to get through to them by telephone, as it is not something that can be controlled or regulated.

However, I do not agree. Providing good customer response times in any communication channel is part of providing a good level of customer service and treating customers fairly. And, while the number of calls a firm will receive cannot be predicted exactly there are tools that do predict them roughly and firms can then provide the right number of staff to deal with the calls in a reasonable time, even if waiting times can be slightly higher in busy periods. So, I think Miss L does need to be compensated for the distress and inconvenience she experienced due to the long hold times. And I have no reason not to accept her very detailed testimony on this.

- It's also clear that while some of the emails Miss S sent were to an email address, which Action 365 has said it made clear would not be replied to. And I do appreciate Miss S changed her mind on cancelling the policy on several occasions, Action 365 clearly failed to note her final webchat message saying she did want the policy cancelled after all. And this caused Miss S further frustration and further unnecessary distress and inconvenience because it led to her getting the wrong refund and having to query what she had received. So I think this also warrants compensation.
- In the circumstances, I agree that the £75 in compensation suggested by our investigator for the distress and inconvenience Miss S experienced as a whole is fair and reasonable.

Putting things right

For the reasons set out above, I've decided to uphold Miss S's complaint and order Action 365 to do the following:

- Provide a further refund of £123.40 to Miss S, plus interest at 8% per annum simple from 26 June 2024 to the date of payment.*
- Pay Miss S £75 in compensation for distress and inconvenienced.

* Action 365 must tell Miss S if it has made a deduction for income tax. And, if it has, how much it's taken off. It must also provide a tax deduction certificate for Miss S if asked to do so. This will allow Miss S to reclaim the tax from His Majesty's Revenue & Customs (HMRC) if appropriate.

My final decision

I uphold Miss S's complaint about Action 365 Ltd and order it to do what I've set out above in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 10 September 2024.

Robert Short
Ombudsman