

The complaint

Mr D has complained about his motor insurer Sabre Insurance Limited, regarding an increased policy premium and his policy being cancelled, with further charges applied.

What happened

Mr D thought he may have had an incident. So he updated Sabre but didn't make a claim. Sabre updated the insurance intermediary which administers Mr D's policy. The intermediary subsequently offered renewal, but didn't take the incident into account in doing so. Sabre told it the renewed policy had to be amended, with an extra premium of £355.04 charged. The intermediary amended the policy, applying an extra premium of £139.08, which Mr D agreed to pay.

Subsequently Sabre told the intermediary it had to cancel the policy. It noted over £200 of the additional premium it had instructed be applied was still outstanding. The intermediary spoke to Mr D and wrote him a letter – it said that to avoid cancellation he'd have to pay the outstanding additional premium of £215.95, but if he chose to cancel it would waive the cancellation fee. The intermediary subsequently cancelled the policy and told Mr D that he owed a balance of £85.31. That sum was later passed for debt collection with at least one charge of £25.00 being added.

When Mr D complained to the Financial Ombudsman Service our Investigator asked Sabre for its view on the situation. Sabre said it felt the error at renewal was the intermediary's, and any debt collection activity had been instigated by the intermediary too. However, it noted that it had known about the incident in December 2022 and it had updated the intermediary then. So it felt it hadn't been fair for it to later insist on the additional premium being paid. It said it had therefore recalculated what was due at cancellation without that sum being taken into account. It said it had instructed the intermediary to advise Mr D of the updated figures.

Our Investigator noted the updated position from Sabre. But felt it should remove the record of its cancellation, provide a letter to Mr D confirming the cancellation and any negative entry on Mr D's credit file, related to sums owed, was due to its actions. She felt it should pay £250 compensation.

Mr D didn't object to the Investigator's findings. Sabre said it didn't think it was fair for it to pay compensation in addition to it recalculating the cancellation sum. It felt the intermediary had been responsible for some issues.

The complaint was referred to me for an Ombudsman's consideration. I felt, like our Investigator, that the complaint should be upheld. But I felt the debt collection charges needed addressing. So I issued a provisional decision, my findings of which were:

"Sabre was informed of a potential incident. It recorded that and updated the intermediary. That was reasonable of it. It also meant, I think, that Sabre then expected the intermediary to act as its agent at renewal to take the incident into account when arranging the continuing cover. In light of that I think it's reasonable to view the intermediary's failure to take the incident into account as a failure of Sabre.

I'm also conscious that Sabre became aware quite quickly of that failure. And Sabre then advised the intermediary to charge an additional premium, specifying that amount and insisting on the policy being cancelled if that money was not taken. And Sabre has since acknowledged that it was unfair of it to act in this way when Mr D had not been at fault for the incident not being accounted for at renewal. I think that is right. Mr D had told his insurer of an incident, a price for renewing cover was set and that was all agreed to and put in place.

I further bear in mind that when Sabre instructed the intermediary to apply an additional premium of over £300, the intermediary responded by agreeing instead with Mr D to an additional premium of around £150. The intermediary was acting for Sabre at this time. But then, whilst its agent had come to an arrangement with Mr D, Sabre directed the cancellation on grounds the additional premium it had wanted to be charged had not been obtained. I don't think that was fair of it. Mr D had thought everything had been resolved by the additional sum he had agreed to pay. I'm satisfied that he'd have cancelled the cover himself at the time the additional sum was agreed if he'd known that wouldn't be acceptable to Sabre and it would insist on the full sum.

The additional/total sum expected by Sabre led to Mr D being told he owed £85.31. Sabre has now recalculated what was owed at cancellation, it says it's advised the intermediary to update Mr D with the corrected figures, which don't include any of the £355 additional premium it had wanted to charge. I'm pleased to note this – I think that's the right outcome here. I'd likely have required Sabre to do this if it hadn't chosen to itself. But that doesn't account for any extra costs Mr D incurred due to the debt collection activity.

Sabre has pointed out that it did not instigate the debt collection activity. I accept that. But the activity occurred because it acted unreasonably by applying an additional premium and instructing cancellation. So I'm going to require Sabre to reimburse any additional charges Mr D has had to pay or can prove he is expected to pay for debt collection related to the cancellation. I also require it to write a letter to advise the policy cancellation and any negative reference in relation to that on his credit file has occurred due to its error. Mr D can then use this letter to share with interested parties or to add to his credit file for interested parties to view.

There is the record of the cancellation itself which will also affect Mr D. I'm not sure why it wasn't recorded as being a cancellation by Mr D – he wouldn't need to declare that. I require Sabre to remove the record of its cancellation from its own and any external databases. If it must do that by amending the record to show Mr D cancelled the policy, that is reasonable.

I can see this has been quite a frustrating and worrying time for Mr D. He was threatened with policy cancellation, then agreed a payment, only for cancellation to be insisted upon anyway. He's also faced additional charges. There's been debt collection activity too. I'm satisfied that £250 compensation is fairly and reasonably due."

Mr D did not respond. Sabre said it accepted the findings – and it would approach the insurance intermediary regarding reimbursement of the debt collection charges.

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.

I note neither party has objected to my findings. I note Sabre has acted to implement my awards – that it is looking to arrange reimbursement of debt collection charges through the intermediary. It is up to it how it facilitates reimbursement. But I've found that debt collection

charges were only accrued because of its failures. So, to be clear, and in case the intermediary does not cooperate with Sabre's requests, it is up to Sabre to make this right for Mr D. Should the intermediary not cooperate, Mr D may have to send Sabre proof of his outlay and of any sums he's been told he must pay. Then, unless Sabre can show the intermediary has provided reimbursement or confirmation that any as yet unpaid charges have been withdrawn, Sabre will have to pay Mr D so he is not out of pocket.

Having reviewed matters, my view on the complaint hasn't changed. As such my provisional findings along with my comments here, are now the findings of this, my final decision.

Putting things right

I require Sabre too:

- Provide a letter to Mr D confirming the cancellation by it and subsequent demands for payment were due to an error by it.
- Reimburse Mr D any debt collection charges he has paid or is expected to pay.
- Remove the record of *its* cancellation from its own and any external database.
- Pay Mr D £250 compensation.

My final decision

I uphold this complaint. I require Sabre Insurance Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 12 April 2024.

Fiona Robinson
Ombudsman