

The complaint

Mr Q complains about the level of service provided by Atlanta Insurance Intermediaries Limited trading as Swinton Insurance in administering his motor insurance policy.

What happened

Mr Q said he received a letter from his broker stating that his policy would not be renewed as it was leaving the sector, and so he would have to find cover elsewhere. Mr Q did this. But Mr Q said that unbeknown to him his previous policy had been transferred automatically to Swinton. Mr Q provided Swinton with evidence that he already had cover, and it asked the new insurer to treat his policy as if it never existed. But Swinton then sold on his debt for the policy to a debt recovery agency and it sought £624.15 from Mr Q.

Our Investigator recommended that the complaint should be upheld. He thought Swinton had never been at risk as Mr Q had taken out cover elsewhere. And so he thought it had reasonably treated his policy as if it had never existed. But he thought it shouldn't have sold on the debt. And he thought it should provide Mr Q with a letter stating that no balance was outstanding and pay him £75 compensation for his trouble and upset.

Swinton replied that it had renewed Mr Q's policy as he hadn't asked it not to automatically renew it. Swinton asked for an Ombudsman's review, so the complaint has come to me for a final 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.

Mr Q said the first he heard from Swinton was a credit agreement sent from a finance company. Swinton then said it had set up a new policy for him. But Mr Q said he had never agreed to this. He explained that his previous broker had told him to seek cover elsewhere, which he had done. I can understand that Mr Q felt frustrated when he learned that he had been automatically transferred to Swinton and so he had two policies in place.

Swinton said the previous broker had sent Mr Q a letter informing him that its business and customers would be transferred to it. But Mr Q said he didn't receive this letter. Swinton said it wrote to Mr Q confirming this and offering a renewal quote. It's provided a copy of this renewal pack and I can see that it's correctly addressed. So I can't say why Mr Q didn't receive this.

Swinton said Mr Q's policy had automatically renewed with it as he hadn't opted out of the automatic renewal. And when he didn't make any payments it had cancelled it with a debt owing for his period on cover.

Swinton said it hadn't done anything wrong, but it said it would ask the insurer to review the policy and treat it as if it had never existed. And it asked Mr Q for proof of his new cover, which he provided. From Swinton's notes, I can see that the insurer agreed to refund the premium in full and this was paid to Swinton. I think that was fair and reasonable.

I think Mr Q could then have reasonably expected that the matter would be ended. But it wasn't ended as Swinton had passed the debt for the unwanted policy to a debt collection agency and Mr Q received demands for payment.

I agree with the Investigator that this was an error as Swinton had already had agreement from the insurer to treat the policy as if it never existed and it had refunded the premium to Swinton. So Swinton should not have then transferred the debt to another company that then sought payment from Mr Q.

When a business makes a mistake, as I think Swinton has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

To restore Mr Q's position, I think Swinton should stop the demands for payment and provide Mr Q with a letter stating that no balance for the unwanted policy is outstanding. Swinton caused Mr Q distress when he received a demand from a debt collection agency. And I think Swinton should pay Mr Q £75 for the trouble and upset caused by its error. I think this is in keeping with our published guidance for the level of impact this had.

Putting things right

I require Atlanta Insurance Intermediaries Limited trading as Swinton Insurance to do the following:

1. Stop the demands for payment and provide Mr Q with a letter stating that no balance for the unwanted policy is outstanding.
2. Pay Mr Q £75 compensation for the distress and inconvenience caused by its level of service.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require Atlanta Insurance Intermediaries Limited trading as Swinton Insurance to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Q to accept or reject my decision before 29 July 2024.

Phillip Berechree
Ombudsman