

The complaint

Mr B has complained about the balance First Central Underwriting Limited says he owes on cancellation of his car insurance policy. He is also unhappy with the poor service he received when he called First Central.

What happened

Mr B bought a car insurance policy with First Central. He agreed to repay the yearly premium in monthly instalments.

Mr B made a claim under the policy following the theft of his car, which First Central settled.

Mr B called for a quote to add a replacement car to his policy shortly after the claim was settled. Unhappy with the quote, he decided to buy a policy elsewhere to insure his replacement car.

First Central said Mr B owed a balance on cancellation as it had paid a claim under his policy. Mr B didn't think this was fair and complained to First Central. He said it should have explained this when he called for a quote, as he would have made a different decision about buying a policy elsewhere – and would have stayed with First Central given the balance he owed. He was unhappy with the information given and the wait times when he called First Central.

First Central upheld part of Mr B's complaint. It listened to the call recordings and found that Mr B had spent an unreasonable amount of time in calls. But it didn't uphold Mr B's remaining complaints.

For the poor service it provided, First Central said it would pay compensation of £50 and deduct this from the final balance it said Mr B correctly owed on cancellation.

Mr B remained unhappy and asked us to look at his complaint. He wants First Central to waive the balance it says he owes.

Our investigator thought First Central had done enough to put things right.

Mr B didn't agree and wants an ombudsman to decide.

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.

When Mr B bought his car insurance policy with First Central, it provided its policy wording to explain its terms and conditions.

Like all other standard motor insurance policies I've seen, First Central explained that in the event of cancellation, where a claim has been made, the full year's premium is due.

When Mr B called First Central just after it had settled his theft claim, he asked for a quote for a replacement car. When First Central gave him the quote, the agent asked Mr B if it could help him with anything else, which he declined and the call ended. So I can't say First Central failed to explain the cancellation process to Mr B as it wasn't required to here.

First Central doesn't dispute that Mr B had to spend an unreasonable amount of time on the phone when he called in December 2023. For this, it said it would deduct £50 by way of compensation from the final balance owed. And it has offered Mr B alternative ways to pay the balance, so that he doesn't have to pay it in one amount.

Overall I think First Central has dealt with Mr B's complaint in a fair and reasonable way. I understand Mr B will be disappointed, but this means I'm not upholding his complaint. I think the compensation awarded for the wait times and service when Mr B called in December 2023 is enough to put things right. I think First Central provided a clear breakdown of the balance Mr B owes on cancellation in line with the policy. And as a claim was made, First Central has correctly recorded the claim, which may impact the renewal premium Mr B pays.

My final decision

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 7 August 2024.

Geraldine Newbold
Ombudsman