

The complaint

Mr R complains that U K Insurance Limited (“UKI”) asked him to repay it some money after he cancelled his car insurance policy.

What happened

Mr R had a car insurance policy with UKI.

He paid for the policy with a deposit and then monthly instalments via a third-party finance company.

He paid the first few monthly payments and then found cover cheaper elsewhere, so he cancelled his policy.

UKI carried out his instruction to cancel his policy. But it gave Mr R the wrong information about how much was owed. It sent him a refund that was too much.

When he called UKI it said it was in the process of collecting a payment. It was too late to cancel the collection and UKI said it would refund the amount, or Mr R could ask his bank to recover it using the Direct Debit guarantee. Mr R asked his bank to do this and received one monthly instalment back.

And because Mr R had asked for the instalment back, it meant he now owed UKI some money.

He complained. UKI agreed to write-off £41.04 of the money he owed it, but said he still needed to pay it £40.

Mr R remained unhappy and brought his complaint to this service. He says the mistake was UKI’s and it shouldn’t be chasing him for the £40.

Our investigator looked into Mr R’s complaint and thought it would be upheld. He didn’t think UKI had shown proof that Mr R owed it the money. He said UKI should write off this £40.

UKI didn’t agree with the view. Because it didn’t agree, this complaint has been passed to me to make a final decision.

I issued a provisional decision to allow the parties to consider the matter further:

“I’m proposing to not uphold Mr R’s complaint and I’ll explain why as I appreciate this will be a disappointment to him.

I asked UKI to provide a breakdown of the amount it says it’s owed by Mr R.

From the information it sent, I can see that UKI’s handler made an error when it originally refunded Mr R. Because he then went on to reclaim his monthly direct debit amount from his bank, this meant that he received more refund than he was entitled to under the terms of his policy with UKI.

In recognition of its error, UKI waived just over half of the amount he owed. But it asked for the remainder (£40) to be paid.

It's clear to me that UKI is reasonably owed this amount by Mr R. I know he has told this service that it's UKI's fault and it should therefore waive this final amount, but Mr R has already had his money back as a result of him asking his bank for it.

So I think it's fair that UKI has already waived £41.04 in recognition of its error. But I also think it's fair UKI asks for this final £40, and Mr R has already reasonably received the money he can use to pay it.

Responses to my provisional decision

Neither party responded to my 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 neither party responded to my provisional decision, my final decision and reasoning remain the same as in my provisional decision.

My final decision

It's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 16 May 2024.

Richard Sowden
Ombudsman