

The complaint

Mr A complains that when he cancelled his policy with Wakam, he didn't receive a refund.

Any references to Wakam in this decision include its appointed agents and administrators.

What happened

Mr A held a car insurance policy with Wakam which commenced on 17 May 2023. In August 2023 he tried to cancel his policy.

Wakam cancelled Mr A's policy for him but didn't provide him with a refund. So Mr A made a complaint. In its response to the complaint Wakam said Mr A wasn't entitled to a refund under his policy. Mr A didn't agree, so he referred his complaint to this service.

Our Investigator considered the complaint and thought it should be upheld. As Wakam didn't respond to our Investigator's assessment, the complaint has been passed to me 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.

Having done so, I've decided to uphold this complaint. I'll explain why.

Mr A's policy says that in the event of cancellation outside the 14 day cooling off period, Wakam will *"refund the proportional (pro-rata) amount of the premium which applies to the remaining Period of Insurance, less a premium charge of £25, subject to insurance premium tax (IPT) where applicable"*.

I'm satisfied that Mr A tried to cancel his policy outside the 14 day cooling off period, and he held an annual policy, so the term above would be applicable here. But Wakam has said in its final response letter to Mr A, that he *"wouldn't be entitled to any refund"* if he cancelled his policy. Because this isn't in line with the cancellation terms in Mr A's policy, I don't consider Wakam has acted fairly.

Wakam accepts that Mr A sent it a message on 5 August about cancelling his policy, and it says it replied on 7 August to tell Mr A he'd need to cancel it over the phone. Wakam says the monthly payment was taken from Mr A's account on 7 August and that Mr A then called to cancel the policy on 9 August.

But Mr A has sent us a screenshot showing he phoned to cancel his policy on 7 August. And the internal notes Wakam has provided show that it does accept that Mr A contacted Wakam on 7 August by phone. I note however that Wakam has said it didn't matter that Mr A contacted it on 5 and 7 August, because the payment on 9 August would've been taken in any event, as it was too late to stop it. So the issue is whether a refund is due in the circumstances.

Bearing in mind what the policy says about cancelling outside the 14 day cooling off period, I

think a pro-rata refund for the time he wasn't covered is due to him, with only the applicable administrative fees deducted, in line with the policy terms. Interest should also be paid to Mr A on the amount refunded to him, for the time he has been deprived of the funds he should've been paid.

I've noted what Wakam has said about the refund not being due, because Mr A has only paid 10% of the premium so far. But as I've explained, the policy terms and conditions, and the evidence I've seen, don't support Wakam's current position. So I'm upholding the complaint and will require Wakam to put things right for Mr A as set out below.

Putting things right

Wakam must now:

- Pay Mr A a pro-rata refund for the time he wasn't covered by the policy (from the date he cancelled the policy by phone on 7 August until the end of the monthly period of cover).
- Deduct only the applicable administration fees from the refund due to Mr A.
- Add 8% simple interest per annum to the amount refunded to Mr A, from the date Mr A phoned Wakam to cancel his policy (7 August 2023) until the date of settlement.

My final decision

My final decision is that I uphold this complaint and I direct Wakam to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 28 July 2024.

Ifrah Malik
Ombudsman