

The complaint

Mr N complains about the way Somerset Bridge Insurance Services Limited trading as Go Skippy Insurance ("SB") handled his policy cancellation.

What happened

Mr N took out insurance through SB in July 2023. In November 2023, Mr N got a change of vehicle quote from SB, following a fault claim he'd had with his insured vehicle. Deciding it would be too expensive to change the vehicle, he cancelled his motor insurance policy through SB. SB incorrectly calculated his outstanding premium as around £87.23, which Mr N paid. Around three months later, SB said Mr N still owed £645.24, as it had calculated his outstanding premium incorrectly. It said it hadn't taken account of the fault claim on the policy when it had quoted the £87 to cancel it.

Mr N complained to SB about the mistake, and the tone of SB's letters, which had referred to debt collection agencies. SB apologised for its error in initially giving him the wrong figure for the insurance. It offered £200 compensation for its error and agreed to set up a payment plan for Mr N to pay off the outstanding balance. It said it could further help if Mr N was in financial difficulty. Unhappy with SB's response, Mr N brought his complaint to the Financial Ombudsman Service for an independent review. He said he'd now been declined credit for a commercial motor insurance policy as a result of SB recording a debt against him.

Our Investigator thought SB had made a reasonable offer to put matters right. She said whilst it had made a mistake, it had corrected this and its compensation was reasonable for the unnecessary distress it had caused Mr N. She also thought SB's offer of Mr N repaying in instalments was reasonable and something she'd have expected, and so she didn't recommend it do anything differently to resolve matters.

Mr N didn't agree with the Investigator's findings. He said SB had taken 90 days to inform him of its mistake, by which time he'd taken out insurance elsewhere. He said had SB given him the true cancellation figure, he wouldn't have cancelled the policy. He also said his financial situation hadn't been considered, as he was in an Individual Voluntary Arrangement (IVA) and so couldn't handle another financial burden.

In November 2024 I issued a provisional decision on this complaint. I said I intended to reach a different outcome to that of our Investigator as I thought SB's mistake had caused Mr N a financial loss which it should compensate him for. I've included a copy of my findings below:

"Where a business makes a mistake, the approach of this Service is to put a consumer (so in this case Mr N) back in the position he'd have been in, but for the mistake. The mistake SB made was incorrectly telling Mr N it would only cost £87.23 to cancel his insurance. Based on that I've seen; I think it should have told him that it would actually be £732.47 to cancel the policy. That amount would have been made up of the £87.23 it initially charged plus what it later said he still owed (£645.24). Although if I have that figure wrong, I'll consider any

points SB makes in relation to that.

When Mr N initially took out insurance through SB, it charged him £1,380.68. Mr N says if he'd been told the true cancellation figure, he wouldn't have cancelled the policy and taken out new insurance elsewhere. Mr N has told this Service SB wanted to charge him approximately £790 to add his new vehicle onto the policy. I haven't had this confirmed by SB but it has an opportunity to provide evidence of this amount in response to my provisional findings. But based on what Mr N has said, it's reasonable to assume that he'd have paid this amount to SB for the policy to continue, if he'd known it would have cost nearly the same amount to cancel it and find cover elsewhere.

So, I've then worked out what loss SB has caused Mr N, as a result of its incorrect information. It seems to me, from adding the amounts together (that is the original premium and the amount it would have charged the change the vehicle) that the total cost of his insurance would have been £2,170.68 until July 2024, which is when the policy would have ended ($£1380.68+£790=£2,170.68$). Again, if SB thinks the figure would have been different to this, I'll consider its response to my provisional findings. But at the moment I consider he'd have paid approximately £790 for around eight months of cover for his new car (i.e. from November 2023 until July 2024); roughly £100 per month more than he'd been paying previously.

However, because SB failed to give Mr N the correct information, Mr N says he took out a new policy with another insurer (I'll refer to that insurer as H) in November 2023. He's provided the policy information for that, it seems to be for the same social domestic pleasure and commuting cover, for the same vehicle he says he tried to add on to his SB policy. The total cost of that insurance was £2,268.67. So he'd have paid £189 each months for 12 months ($£2,268.67÷12=£189$).

This is more than he'd have paid to stay with SB, by around £89 per month. Which supports Mr N's argument that he wouldn't have cancelled the insurance, had SB not made a mistake in what it told him.

So I think SB has caused Mr N a loss of £89 per month. Mr N says he cancelled the insurance with H on 1 May 2024 (which is before his original SB policy would have ended) in order to take up work as a private hire taxi driver, for which he needed new insurance. I assume he'd have received a pro-rata refund for that policy. So I think the loss SB has caused Mr N is £89 per month, for six months (between November and the end of April 2024). So I think the loss SB has caused Mr N is around £534 ($£89×6$). This may not be an exact calculation, given the specific dates the insurances were taken out and ended, but I consider as an informal Service, it is more practical and quicker for me to calculate a likely amount based on the information I have. However, I'll take into account any more information either party wants to add before finalising matters.

Based on the above, I intend to require SB to pay £534 for the financial loss it caused Mr N in giving incorrect information. It also needs to add 8% interest onto each £89 extra premium, from the date he paid it, until the date of settlement.

Once it has calculated the amount to be paid to Mr N, it can use this to clear the outstanding balance Mr N owes it. If, having added 8% interest, there is still a balance for Mr N to pay, SB will need to tell Mr N what it is, and support him in being able to pay this back, by setting up a payment plan or similar.

I also intend to require SB to cease any debt collection activity in relation to the amount it considers Mr N owes it and remove any record of the debt from any internal or external databases, since I'm satisfied Mr N is only in this position due to SB's mistake.

Mr N says due to SB's actions, he was then declined credit for his taxi insurance policy which he took out in May 2024. He's provided me with a letter in relation to that. However, that letter says Mr N's credit history was the reason for the credit being declined. And Mr N has told this service that he's now entered an IVA. So I'm not persuaded it is only SB's mistake that caused Mr N to be unable to secure insurance for his taxi insurance. So I don't think it needs to take more steps to put matters right here.

However, I've no doubt that SB's actions, in not being clear with Mr N, have caused him unnecessary distress and inconvenience. Mr N said he found the debt collection letters threatening and they caused him a great deal of worry, as he didn't think he'd be able to afford to repay SB, on top of what else he was paying. I think SB should increase the compensation owed to Mr N to £400 to reflect the unnecessary upset its actions caused."

Responses to my provisional decision

SB didn't provide a response. Mr N made the following points:

- His taxi insurance wasn't refused because of debt history, it was refused due to payments not being made on time. So, it was only refused as a result of SB's non-payment report.
- As a result, he's now paying around £330 extra for his taxi insurance per month than he should be.
- Even though the decision is in his favour, the provisional decision said SB could deduct any refund due from the outstanding debt. This shouldn't be the case because interest and compensation can't be used to clear SB's outstanding balance.
- He would like confirmation from SB that his name isn't 'blacklisted'.
- Even though my provisional decision said debt collecting activity should cease, he's still received communication relating to the debt since it was issued.

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've considered Mr N's points about his taxi insurance policy, and I accept, as he says, that the reason given for him being declined credit was due to "previous payments history". However, I'm not persuaded this means it was only declined due to there being an outstanding amount to pay on the SB policy as a result of Mr N cancelling it. So his comments haven't persuaded me SB should do more to put matters right in relation to that policy.

I also find that, even if I were to accept it was only due to the non-payment of the policy on cancellation that meant credit for his taxi policy was declined, it doesn't mean I'd find SB should then compensate him the difference between that taxi policy, and the one he later did take out. I don't ultimately know why he was charged more for that policy, and I don't consider him being charged more by another provider can be a reasonably foreseeable loss due to SB's mistake. So, I'm not persuaded it would be fair to award this in the circumstances of this complaint.

I think from Mr N's comments about the redress, that he either doesn't accept he should pay the outstanding debt he owes to SB, or he accepts it is owed, but doesn't think any refund from SB should be used to offset the debt. My view is that, following my logic set out in my provisional decision, but for SB's mistake, Mr N would've kept the SB policy and changed his

vehicle, ultimately paying more for the policy for the remaining policy term. So I don't think SB needs to waive the debt Mr N owes to it, because this is money he'd have always owed SB. And Mr N is concerned about his credit file and being, as he says, 'blacklisted'. So I find the appropriate way to resolve matters is for SB to first use any refund due to Mr N to clear that outstanding debt, before paying him the rest. If I didn't require SB to clear the debt, then I also wouldn't be able to require it to remove any reference to the debt or cease debt collecting activity.

I will also require SB to pay Mr N £400 compensation. As this is compensation for distress and inconvenience caused, SB cannot use this amount to write off any outstanding debt Mr N owes. I hope that clarifies matters for Mr N.

Mr N has asked for SB to write him a letter to confirm he isn't "blacklisted". I think SB should write to him to once the debt is cleared to confirm it has done so, and that it has removed any reference to the debt from any internal and external databases.

Putting things right

For the reasons set out above and in my provisional decision, I require Somerset Bridge Insurance Services Limited trading as Go Skippy Insurance will need to do the following:

- Deduct the total sum of £534, plus interest* from the debt Mr N owes it.
- *It will need to add interest on each of the extra £89 premiums Mr N would have paid (which make up the £534) from the date they'd have been paid, until the date of settlement.
- If once this is done, there is a surplus, then I intend to require it to pay that surplus to Mr N. I also intend to require it to remove any reference to the debt from any internal and external databases and cease any debt collection activities.
- Write Mr N a letter confirming the debt has been cleared and any reference to it has been removed from any internal or external databases.
- I also intend to require it to pay Mr N £400 compensation.

My final decision

My final decision is that I uphold this complaint and I direct Somerset Bridge Insurance Services Limited trading as Go Skippy Insurance to settle it in line with the "putting matters right" section.

Somerset Bridge Insurance Services Limited trading as Go Skippy Insurance must pay the compensation within 28 days of the date on which we tell it Mr N accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

If Somerset Bridge Insurance Services Limited trading as Go Skippy Insurance considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr N how much it's taken off. It should also give Mr N a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 25 December 2024.

Michelle Henderson
Ombudsman

