

complaint

Mr R complains about the cancellation charge made by Rampdale Ltd after he cancelled his motorcycle insurance policy.

background

Mr R took out a motorcycle insurance policy through Rampdale, an insurance broker. He had some difficulties in sending Rampdale his driving licence details. In the end he cancelled the policy.

The insurance company that insured Mr R sent Rampdale a partial refund. Rampdale then deducted 20% of this amount for its policy commission (£109.77) and a £20 charge. It paid the balance to Mr R. He complained about the service he'd received and the amount he'd got back.

Our investigator concluded a fair outcome would be for Rampdale to refund Mr R a further £65, which was around 50% of the amount it had charged him. He said it hadn't made its cancellation charges clear enough, and should have confirmed the exact time it had cancelled the policy.

Rampdale didn't agree, as it said its charge would have been the same even if it had told Mr R about its cancellation fee in advance. It accepted it could have confirmed the time of cancellation earlier, but Mr R himself had asked to cancel the policy. And he hadn't needed to claim so hadn't lost out.

As an agreement couldn't be reached the complaint's come to me to decide.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I think a fair outcome is for Rampdale to pay Mr R £65. I'll explain why.

I'm only looking at Rampdale's actions. So if Mr R thinks the insurer's cancellation terms are unfair he'll need to make a separate complaint to the insurer.

I agree with our investigator that Rampdale could have explained its cancellation terms more clearly to Mr R. If it had he might have decided to go to a different broker from the outset, or not to cancel his policy given the amount of the charge. I accept Rampdale is entitled to make a charge for the costs of setting up and then cancelling the policy. But we'd usually say a charge of between £50 and £75 is fair. So the investigator's recommended settlement of a £65 refund seems fair and reasonable.

I see Mr R asked for the policy to be cancelled. So he'd have known there was a chance he was driving without insurance. But as Rampdale accepts it should have confirmed the cancellation more quickly than it did. Ultimately this didn't cause Mr R a loss. So I don't think Rampdale must do anything more.

my final decision

I uphold this complaint. I order Rampdale Ltd to pay Mr R £65. Rampdale Ltd must pay the total compensation within 28 days of the date on which we tell it Mr R accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision until the date of payment at 8% per year simple*.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 12 January 2017.

Amanda Maycock
ombudsman

*If Rampdale Ltd considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr R how much it's taken off. It should also give Mr R a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.