

complaint

Mr S has complained about a cancellation fee Grove & Dean Ltd charged him when he cancelled his motorcycle insurance policy.

background

Mr S bought a motorcycle insurance policy through a comparison website. The broker for the policy was Grove & Dean Ltd. Mr S had a list of options to choose where he parked his motorbike at night. He chose "a drive".

The start date for Mr S's policy was about a month after he bought it. In the meantime, Grove & Dean spoke to Mr S to carry out some checks. It found out that Mr S's motorbike was parked in residential parking at the side of the road – where other residents and visitors could access. So it carried a higher risk than if it was parked on a drive.

This meant Mr S's premium was higher. But Mr S wasn't happy to pay the higher premium, so he cancelled his policy. Grove & Dean applied its cancellation charge of £55. Mr S didn't think this was fair, so he complained.

Grove & Dean said its charge was set out on the website and Mr S agreed to this fee before he paid for his policy. But as a gesture of goodwill, it reduced the fee by half to £27.50.

Mr S didn't think Grove & Dean should charge him anything. So he brought his complaint to us. He thought the 14 day cooling off period began when cover started. So he thought he had a total of 30 days to cancel his policy without charge.

Our investigator didn't recommend Mr S's complaint should be upheld. Grove & Dean had clearly set out the cancellation fee it would charge. And because it had reduced it, he felt the outcome was fair.

Mr S didn't agree. He says he had the right to clarify the information he provided before the policy started. But in reality this didn't happen. He was asked for his payment and then he was asked to clarify the information he gave. Mr S feels this process is completely unfair.

So the matter has been passed 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. Having done so, I don't intend to uphold it.

Any business incurs costs in setting up a policy. So we think it's reasonable for a business to apply a fee for setting up and cancelling a policy - provided it's clearly explained and a reasonable sum. A cancellation fee of up to £75 is reasonable to reflect the administration costs involved.

Grove & Dean has provided a snapshot of the screen Mr S saw before he bought his policy. It highlights the following:

"Information about our fees" (in bold)

“These fees are those our customers ask about most frequently and are in addition to any charge made by the insurer.”

“Cancellation (within 14 days of purchase) £55.”

Mr S agreed to Grove & Dean’s terms and conditions which were provided in full via a link before he proceeded to pay for his policy. Grove & Dean clearly explained what it would charge if Mr S cancelled his policy within two weeks of the purchase date. So I think Grove & Dean applied its cancellation fee fairly. And because it reduced this by half, I think it’s been reasonable to Mr S.

Mr S said his bike was parked on a drive when he bought the policy. But it’s parked where there are a number of car park spaces at the side of a road that anyone has access to. Grove & Dean told Mr S that this means there’s a higher risk of his bike being damaged than if it was parked on a drive. So the premium Mr S originally paid wasn’t correct.

I understand Mr S didn’t want to pay the higher premium. But I think Grove & Dean fairly applied the adjustment as the information Mr S originally provided wasn’t correct.

I understand Mr S may be disappointed with my decision. But I don’t think Grove & Dean acted unreasonably. So I think it’s entitled to charge Mr S its reduced fee of £27.50 for cancelling his policy.

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 S to accept or reject my decision before 18 January 2018.

Geraldine Newbold
ombudsman