

complaint

Miss F complains that Swinton Group Ltd charged her too much when she cancelled her motorcycle insurance policy.

background

Miss F renewed her policy but cancelled it a few weeks later after she sold her bike. She complained that Swinton asked her to pay a sum which she considered disproportionate.

The adjudicator recommended that the complaint should be upheld in part. He concluded that – although Miss F told Swinton that she had given up riding and was in the process of selling her bike – it did not tell her about the high cost of cancelling the policy. He recommended that Swinton should charge Miss F no more than the insurer's charge for time on risk plus a £50 cancellation charge.

Swinton disagrees with the adjudicator's opinion. It says its charges were in line with the terms of business it sent to Miss F.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

I accept that Swinton was acting as an intermediary between Miss F and the insurer.

Miss F rang Swinton about four weeks before the date for renewal of her policy. From the call recording, I am satisfied that she told Swinton that she had given up riding the bike and was in the process of selling it.

She agreed to reduce the cover to third party, fire and theft. She agreed to pay for a year's cover, by instalments totalling about £126. This was calculated approximately as follows:

premium	£84
legal protection	£30
less discount	(£30)
interest	£17
service charge	£25
sub-total	£126

I accept that Swinton mentioned other possible charges. These included £50 if she cancelled after more than 14 days. They also included £24 in the event that Miss F did not return the signed credit agreement.

Miss F says she sent the signed agreement but Swinton says it did not receive it, so it imposed the charge. On balance, I find it unlikely that Swinton would have imposed the charge if it had received the document.

Miss F paid one instalment of about £13 before she cancelled the policy. She had been on cover for about seven weeks.

From Swinton's file, I see that the insurer credited about £63. So it had charged about £21 out of the premium of £84. I infer that this included not only a charge for time on cover (of about £11) but also a cancellation fee (of about £10).

Swinton waived its cancellation fee of £50. We would expect it to do so where the insurer has already charged a cancellation fee.

But it still said that Miss F owed a balance of about £87. This was calculated approximately as follows:

sub-total from above	£126
charge for non-return of agreement	£24
less paid	(£13)
less premium refund	(£63)
claw-back of discount	£26
less refund of interest	(£13)
balance	£87

The adjudicator recommended that Swinton should only charge Miss F the insurer's time on risk charge (which I have inferred was about £11) plus a cancellation fee of £50. In response Swinton told the adjudicator:

"...the Legal Protection was effectively given for free by providing a £30 discount but part of this being reclaimed when cancellation took place. In light of this, we are willing to remove the £13.06 discount recovery from the outstanding balance."

I consider that Swinton was on the right lines – but its figure was wrong. It should have agreed to remove the discount claw-back of £26.

Overall, I conclude that it is fair and reasonable to order Swinton not to ask Miss F to pay more than £61.

my final decision

For the reasons I have explained, my final decision is that I uphold this complaint in part. I order Swinton Group Ltd not to ask Miss F to pay more than £61 in connection with the motorcycle insurance policy she cancelled in about July 2013.

Christopher Gilbert
ombudsman