

## **complaint**

Mr R complains about the amount Devitt Insurance Services Ltd, a broker, charged when he cancelled his motorcycle insurance policy.

## **background**

In March 2018, Devitt Insurance arranged motorcycle insurance for Mr R. Mr R paid a deposit and arranged to pay the premium by monthly direct debit. The premium increased in April 2018, following the insurer's discovery of a previously undisclosed claim.

Mr R sold his motorcycle, bought a new one and wanted to take out insurance with another provider. On 12 July 2018, he phoned Devitt Insurance to cancel his policy. It told him that the total amount payable on cancellation was £138.54. Mr R disputed the amount he was asked to pay on cancellation.

Our investigator didn't think that Devitt Insurance had treated Mr R fairly. He said that it had charged Mr R correctly in relation to the mid-term adjustment and cancellation fees. The investigator didn't think that Mr R had been charged the correct amount for time on cover and he didn't think Mr R should have to pay for failed direct debits. The investigator thought that Devitt Insurance should reduce the amount outstanding to £52.88.

Mr R accepted the investigator's view. Devitt Insurance didn't agree with the investigator. It said when the policy was cancelled the amount it said was due was based on the next direct debit being paid. Devitt Insurance said that the time on cover is a matter for the insurer, not the broker.

This decision deals with charges made by Devitt Insurance, the broker. Mr R's complaint about the amounts charged by the insurer needs to be pursued separately. I've noted what Mr R says about that but the insurer, not the broker, is responsible for the charge for time on cover. I understand that the investigator has set up a separate complaint against the insurer.

## **my provisional decision**

I sent both parties my provisional decision in this case. I said that Devitt Insurance was entitled to charge Mr R a cancellation fee of £55 and a mid-term adjustment fee of £30. I said that it made an error in failing to take into account that Mr R had already cancelled his direct debit when it told him how much he owed. So it added to the confusion. I thought that Devitt Insurance should pay Mr R compensation of £50 in relation to Mr R's distress and inconvenience.

## **responses to my provisional decision**

Mr R said that he accepted my provisional decision. Devitt Insurance said that it appeared I agreed that the outstanding balance should be paid but that it should pay compensation of £50 as it wasn't clear. It said it wouldn't challenge the provisional decision but would reduce the balance Mr R owed by £50, leaving a balance of £109.12.

The investigator told Devitt Insurance that the compensation should be paid to Mr R, not offset against any balance owed.

### **my findings**

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

Neither Mr R nor Devitt Insurance has provided any fresh information or evidence in response to my provisional decision. I therefore find no basis to depart from my earlier conclusions. For the reasons I've set out in my provisional decision, I remain of the view that Devitt Insurance was entitled to charge Mr R a cancellation fee of £55 and a mid-term adjustment fee of £30 but that it made an error when it told him how much he owed. I think fair compensation for that is £50.

As the investigator has explained, Devitt Insurance should pay the compensation to Mr R, rather than deduct it from any balance owed. Mr R's complaint about the charge for time on cover is against the insurer is being dealt with separately. If Devitt Insurance thinks that Mr R owes it any balance, it should pursue him separately about that.

### **my final decision**

My final decision is that I uphold Mr R's complaint. I now require Devitt Insurance Services Ltd to pay Mr R compensation of £50 in relation to his distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 19 December 2018.

Louise Povey  
**ombudsman**