

complaint

Mr A complains that Carole Nash Insurance Consultants Ltd ('Carole Nash') did not make him aware of cancellation fees when he took out his motorcycle insurance policy. He also complains that he was not made aware that the breakdown and legal cover, which was automatically attached to the policy, attracted additional premiums and that those premiums would be non-refundable in the event of cancellation of the motor policy.

background

Mr A took out this policy knowing he was intending to sell his vehicle part way through the policy year. After going through the online quotation process with Carole Nash and reading the policy booklet he found during that quote, he believed that there would be no cancellation fee if he cancelled. Mr A indicated that this made the quote more favourable to him than others he was looking at.

The adjudicator upheld the complaint. After himself working through the Carole Nash online quotations process, he was of the view that Carole Nash's website did not highlight the cancellation fees or terms of business when Mr A took out the policy. He also considered that Carole Nash had not made Mr A aware that the £30.77 he had paid for breakdown and legal cover was non-refundable in the event of cancellation. He considered that this had prejudiced Mr A's position and, as such, Carole Nash should waive the cancellation fee and reassess the charge for time on risk to include a proportionate reduction of the £30.77.

Carole Nash disagreed with the adjudicator's assessment. It believed Mr A had been given two opportunities to review its terms and charges when taking out the policy. Firstly, Mr A needed to tick a box confirming he had read important information which included its terms of business. Secondly, he would have received these terms of business in hard copy immediately after purchasing the policy and had the chance to review the terms and cancel with only a £25 cancellation fee.

The matter has therefore been passed to me to issue a final decision.

my findings

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

In considering disputes over cancellation charges, we will have regard to whether the charges were made clear to the consumer when the policy was taken out, and whether they were otherwise fair and reasonable under the circumstances. Carole Nash has said that Mr A would have been made aware of all the fees when the policy was taken out and that he needed to tick a box to confirm he had read this important information. I accept that Mr A could not continue with his online quote without ticking this box. However, I consider there to be issues with the online quote process that mean I am not satisfied that it is fair and reasonable for it to rely on the information in it to bind Mr A in respect of those charges. This includes the nature and positioning of the information, and the steps involved in accessing it. In particular, I note that at the final stage in the process – 'Buy Now' – the policy booklet is available, but not the terms of business (which set out certain fees and charges).

Having regard to the process and presentation of the online material as a whole, I am therefore not persuaded that the fees and charges contained in the terms of business were sufficiently highlighted before Mr A agreed to purchase this policy.

With regard to the breakdown and legal expenses cover added to this policy, Carole Nash chooses to include these policy benefits automatically and the cost of that additional cover forms part of the total premium quoted. In Mr A's case, this was £145.25. I have seen no indication in the policy documentation that these benefits comprised £30.77 of the total premium, nor that this was non-refundable in the event of cancellation. Nor have I seen anything to show Mr A was made aware of this at any other time or that he was given a choice as to whether to proceed with that additional cover.

I am satisfied that this matter caused Mr A some distress and inconvenience, for which I believe £50 compensation is reasonable and appropriate.

my final decision

For the reasons above, it is my final decision that I uphold this complaint.

I require Carole Nash Insurance Consultants Ltd to waive its cancellation fee and reassess the 40% refund of premium payable to Mr A to include 40% of the £30.77 premium for the breakdown and legal expenses cover.

Interest on the amount of any refund should also be paid. This should be calculated at 8% simple per annum from the date the amounts were paid by Mr A to the date of settlement.

Mr A should also be paid £50 compensation for the inconvenience and concern this has caused him.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr A to accept or reject my decision before 9 February 2015.

Helen Moye
ombudsman