

## **The complaint**

Mr L is unhappy with the amount he's been asked to pay by Right Choice Insurance Brokers Ltd trading as Ladybird Insurance Services (RCIB) following the cancellation of his car insurance policy.

## **What happened**

On 16 November 2022 Mr L purchased a car insurance policy via RCIB.

On 10 December 2022, Mr L wanted to change the vehicle on his policy, however he was unhappy with the increase in price so didn't go ahead. He was also unhappy with the charges to cancel the policy and said he wouldn't pay the amount RCIB asked for.

Mr L says he shouldn't have to pay the cancellation fees or charges as he says RCIB forced him to cancel by being too expensive for his new car. Mr L approached this service.

One of our investigator's looked into things but he didn't uphold the complaint. He didn't agree Mr L was forced by RCIB to cancel the policy, and he thought the amount being asked for by RCIB following cancellation was fair, and in line with the terms of the policy.

Mr L didn't agree and asked for a final decision from an ombudsman.

## **What I've decided – and why**

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, whilst I appreciate it will come as a disappointment to Mr L, I've reached the same outcome as our investigator.

Mr L took out a car insurance policy via RCIB. Mr L wanted to change the vehicle on cover to a new vehicle. RCIB said the new premium would be around £50 more each month.

However, this was more than Mr L wanted to pay. He said the maximum he'd be willing to offer to pay would be an additional £15 per month. RCIB wasn't able to cover the new vehicle for the amount Mr L said he was willing to pay, so the policy was cancelled.

However, Mr L has refused to pay the cancellation fees and charges, as he says RCIB forced him to cancel the policy as they were too expensive. So, he thinks the charges and fees should be waived.

Whilst I appreciate Mr L found quotes elsewhere with other providers cheaper than RCIB offered, each provider is entitled to charge a premium they deem reasonable to cover that vehicle and risk. There isn't a set price that all insurers should offer for the same vehicle. And whilst I appreciate RCIB were more expensive than other providers, and more than Mr L wanted to pay, this doesn't mean they are acting unfairly.

I do appreciate Mr L was unhappy with the price, but I don't agree that RCIB forced him to cancel the policy as he says, it just so happened that the price with them was more than Mr L wanted to pay.

RCIB clarified that they made an error in their original calculation when asking for £229.57 in cancellation fees and charges, and the correct amount was actually £202.41.

The policy was cancelled on 10 December 2022, which was outside the 14-day cooling off period. The fees and charges applicable for cancellation at that point were:

Cost of time on cover	£77.30
Breakdown charge	£38.06
Set-up fee	£75
Cancellation fee	£60
Cancellation of finance fee	£25
Commission retained (10%)	£60.04
Mid-term adjustment fee	£0
Non-disclosure fee	£45
Total payable	£380.40
Minus total already paid	-£178
Remaining balance due	£202.41

Whilst I appreciate Mr L is unhappy with this, as explained by the investigator, all the fees being asked for are in line with the policy terms Mr L agreed to when purchasing his policy. And I'm satisfied they are being fairly asked for by RCIB and are correct and in line with the terms.

I don't agree with Mr L that the cancellation fees should only be applied if the price of insurance via RCIB is in line with other providers in the market that he was able to find. And I also don't agree with Mr L that these charges and fees should be waived on the basis RCIB caused them in the first place by being too expensive.

Mr L has said he didn't drive for the full period he was insured for either so they shouldn't apply. Whilst that may be the case, the policy was in force for this period. So regardless of whether Mr L drove or not, he still had insurance cover for this time, and premiums applicable and due for that period.

Mr L has also said that he's been charged interest on the finance agreement by RCIB, despite this being cancelled and the finance company advising he didn't owe them anything and it was closed. As explained by our investigator, the above list of fees and charges doesn't include an interest charge.

In addition, Mr L has also sent a screen shot of the online aggregator site he used and he says he input previous claim details correctly as non-fault and settled, so he doesn't think he should be charged the non-disclosure fee. However, RCIB has provided a copy of an email sent to Mr L in November 2022, after he took out the policy, which confirmed they had identified the named driver had an open and pending claim recorded from 2019 which hadn't been disclosed.

Whilst this didn't change the premium, the policy needed to be updated to reflect this and the fee was applied for this (in line with the policy terms), but not paid for at the time, so was added to the overall balance at the point of cancellation. Whilst Mr L disputes there was an open claim, RCIB didn't record that information externally, instead they can only rely on what information is already recorded, so I don't think they acted unfairly. If Mr L thinks this is an inaccurate record, he (or the named driver) would need to approach their insurer from 2019 to have this amended.

Mr L has also said that he received text messages from RCIB's debt collectors offering a 50% discount on the outstanding balance if he contacted them to pay it, and he says this shows the amount being asked for isn't fair. I acknowledge Mr L has provided screen shots of this discount being offered, however, I'm satisfied the £202.41 RCIB is asking for is in line with the terms and conditions. So, if Mr L has been offered a lower amount by the debt collectors directly to settle his account, it's up to him whether he takes advantage of this, but I don't agree with Mr L that this proves RCIB are acting unfairly.

### **My final decision**

It's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 30 October 2023.

Callum Milne  
**Ombudsman**