

The complaint

Mr and Mrs V are unhappy with the service they've received from U K Insurance Limited trading as Direct Line (UKI).

What happened

Mr and Mrs V have a landlord's commercial property insurance policy underwritten by UKI.

In September 2022 Mr and Mrs V accidentally cancelled the direct debit for the policy. They contacted UKI on 4 October 2022, paid the outstanding monthly instalment and were told that the direct debit would be reinstated.

The following month UKI wrote to Mr and Mrs V to say that the direct debit had failed and unless Mr and Mrs V contacted UKI to make the payment, the policy would be cancelled.

Mr and Mrs V called and made the payment and were told that UKI had been unable to reinstate the direct debit previously, and Mr and Mrs V would also need to contact their bank. The direct debit was reinstated and there were no further issues after that point.

Mr and Mrs V complained to UKI about what had happened.

UKI responded and ultimately paid £30 compensation. This included £5 towards the cost of telephone calls. Mr and Mrs V remained unhappy with the compensation amount and approached this service.

One of our investigators considered the complaint but she didn't uphold it. She thought the compensation already paid by UKI was reasonable, so she didn't recommend it be increased.

Mr and Mrs V 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, and whilst I appreciate it will come as a disappointment to Mr and Mrs V, I'm not going to direct UKI to do anything further.

It isn't in dispute that the service Mr and Mrs V were given by UKI fell short. After Mr and Mrs V cancelled their direct debit in error and contacted UKI, after taking the outstanding payment on 4 October 2022, UKI said the direct debit would be reinstated. So, I can understand why it would be concerning to receive a letter the following month which said the policy would be cancelled unless payment was made, as the direct debit had failed.

After receipt of that letter, when speaking to UKI, the agent explained that the previous agent had followed the correct process in contacting their finance department to reinstate the direct debit. But the previous agent should also have told Mr and Mrs V to contact their bank too.

UKI has explained that sometimes reinstating a direct debit isn't successful from their end, and the bank would need to be contacted. But Mr and Mrs V weren't told this on that first call.

Therefore, I can understand why Mr and Mrs V were concerned when they received a letter from UKI saying the policy would be cancelled unless payment was made, as they were under the impression UKI had resolved matters during that first call. However, the following day Mr and Mrs V spoke to UKI, and the issue was resolved at that point and the policy wasn't cancelled. And since the direct debit has been reinstated, no further issues have occurred. So, whilst I appreciate the initial distress this may have caused Mr and Mrs V, the issue has been resolved and their policy wasn't cancelled.

UKI accepts things went wrong and this is why it has paid £30 compensation, which includes £5 towards phone call costs. I do recognise Mr and Mrs V had to make multiple calls and they were concerned when they received a letter saying the policy may be cancelled, but I think this amount is fair and reasonable in all the circumstances, so I'm not going to direct UKI to increase this.

Mr and Mrs V have also said that the agent didn't raise a complaint during the call on 3 November 2022. However, having listened to the call, Mr and Mrs V said they'd be leaving feedback online later after the call about what had happened (including letters being sent second rather than first class) so it could be learnt from in the future, so I can see why a complaint wasn't raised by the agent at that point.

Mr and Mrs V then raised a complaint online on 10 December 2022. And UKI addressed the complaint and issued a final response five days later.

Even if the agent had raised a complaint during that conversation (but I can see why they didn't based on what Mr and Mrs V said), UKI would have had eight weeks in line with the Financial Conduct Authority complaint handling rules to issue their final response to the complaint. So, if it was raised on 3 November 2022, then UKI would have had until 3 January 2023 to issue their final response.

UKI issued the final response on 15 December 2022, five days after Mr and Mrs V raised the complaint online. So even if the agent had logged a complaint on 3 November 2022, they still had a final response within eight weeks of that call, so I can't see that any detriment has been caused either way.

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 V and Mrs V to accept or reject my decision before 12 September 2023.

Callum Milne
Ombudsman