

The complaint

Mr W complains about the fees he's been charged when cancelling his motor insurance policy. Any reference to Action 365 Ltd includes the actions of its representative.

What happened

The circumstances of this complaint are well known to both parties, so I've summarised events.

- Mr W took out a motor insurance policy through his broker, Action 365. After he sold his car, he contacted Action 365 to cancel the policy.
- Five days later he received confirmation from Action 365 that the policy had been cancelled and what the outstanding balance was.
- Mr W complained to Action 365 because he thought: the £75 cancellation fee was excessive; it was unfair the fee for the additional products was payable in full even though the policy had been cancelled; it hadn't been made clear what a separate £30 fee related to.
- He also said correspondence from Action 365 saying the outstanding debt would be passed to a debt collecting agency caused him stress, especially as he'd been told this would be paused whilst his complaint was ongoing.
- Mr W paid the outstanding balance at the end of June.
- In its final response sent 11 July 2023, Action 365 said it was satisfied the charges had been applied fairly and that these were set out in the terms and conditions which had been provided to Mr W when he purchased and renewed the policy.
- Mr W remained unhappy and so, brought a complaint to this Service. An Investigator considered it but didn't uphold it. Because Mr W disagreed, the complaint has been passed to me for an Ombudsman's decision.

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, I agree with the outcome our Investigator reached – I'll explain why.

Cancellation fee

- The policy schedule details which fees are chargeable when the policy is cancelled outside the cooling off period.
- Mr W isn't disputing that a cancellation fee applies but rather that he considers it to

be excessive. I'm satisfied however, it's in line with what this Service considers to be a reasonable amount for a broker to charge when cancelling a policy.

- From what I've seen, only Action 365 has charged Mr W a cancellation fee - which this Service considers reasonable given it, rather than the insurer, is the party carrying out most of the administration.

£30 fee

- Mr W says it wasn't made clear to him what an additional £30 charge related to when cancelling his policy. Action 365 has confirmed this charge was the renewal fee.
- I've seen this charge was stated on the policy schedule at the time of renewal. Furthermore, the terms and conditions state a *"new policy inception or renewal fee where commission is also received"* applies and that the fee will be up to £100 – depending on the type of policy. So, I'm satisfied this was brought to Mr W's attention.
- Whilst Mr W wanted a prompt answer from Action 365 explaining what this fee related to, he said he was ultimately able to work this out for himself, and so, I consider any confusion to have been minimal.

Additional products

- With regards to the additional product premiums, the policy schedule says: *"Please note for additional products such as breakdown cover and legal expenses the FULL amount is due on cancellation, and any policy inception charges remain non-refundable such as fees."*
- Whilst I appreciate Mr W is unhappy about this charge applying, I'm satisfied the policy clearly states these costs are to be paid on cancellation.
- Mr W has said he doesn't understand why these policies can't remain in place given they're not specifically related to his car, and he's paid for them. But these products were taken out as "add-ons" to the motor insurance policy – and without the latter in place, there wouldn't be a policy for these additional products to be "added to".

Customer Service

- Mr W says letters chasing the outstanding amount - which referenced debt recovery caused him stress – especially when he'd been told these would be paused whilst his complaint was on going.
- Action 365 is entitled to recover outstanding fees. So, on the face of it, it telling Mr W it would pass the outstanding balance to a debt recovery firm if it wasn't paid, wasn't unfair.
- Mr W says Action 365 continued to send him correspondence chasing the outstanding amount even though he was told this would be paused. I can see Mr W spoke with Action 365 on 7 June and a follow up email was sent from it which said he should disregard any further letters about the outstanding debt until its final response had been issued – by which time Action 365 would have had a chance to review the outstanding debt.
- Mr W says he however, received correspondence the day after this chasing him for

payment. I note this letter was dated 6 June and so, preceded the conversation he had with the agent. Mr W has said he was told such letters would be paused – but the email I've seen from Action 365 doesn't reflect this. Rather, it says he should disregard any future correspondence – which indicates to me that Mr W knew he was likely to receive correspondence but that he shouldn't be concerned when he did as Action 365 were looking into things. So, I don't think it's reasonable to say Action 365 caused him avoidable stress with regards to this matter.

- Mr W complains it took a week for him to be told how much the outstanding balance was, and it was reasonable for him to expect an answer immediately upon cancelling the policy. Whilst I understand Mr W was keen to know how much he owed Action 365, this information was shared with him five days after he cancelled the policy - and I don't consider that to be an unreasonable amount of time.
- I understand Mr W had difficulties with Action 365's online chat and doesn't consider it to be fit for purpose. I appreciate this caused him frustration, but again, things were ultimately resolved in a reasonable amount of time, and so whilst I'd expect Action 365 to take on board Mr W's feedback, I don't consider it necessary to direct it to pay compensation in respect of this.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 20 October 2023.

Nicola Beakhust
Ombudsman