

The complaint

Mr H complains about the service provided by ATLANTA 1 INSURANCE SERVICES LIMITED (Atlanta) when cancelling his commercial motor insurance policy, as well as the cancellation charges applied and missing policy documentation.

What happened

Mr H's policy with Atlanta inceptioned in November 2022. He says he sold his truck and so needed to cancel his insurance. When he called, he says Atlanta told him it would cost him £130.11 to cancel his policy. Mr H says he could only see a charge for £50 in his policy booklet. He says he asked for a breakdown, but none was provided. Mr H also says the agents he spoke to cut him off.

In its initial response to Mr H's complaint, following a telephone conversation, Atlanta said it had reduced the balance owing on his policy from £130.11 to £40.11.

Mr H wasn't satisfied with its response. Atlanta sent a final complaint response in January 2023. It says the cancellation fee it advised was correct. This incorporated time on risk, as well as the cancellation fee it charges, and the fee raised by Mr H's insurer. In its response it explained how the charge had been calculated.

Atlanta says a call cut-off whilst its agent was checking the figures. It says this wasn't done deliberately. When Mr H called back Atlanta says its agent explained the additional amount he had to pay, and that if it wasn't paid it could be passed to a recovery agent. It says the charges are explained in its 'Terms of Business' document. Atlanta says Mr H's query about the balance owed could've been answered more clearly. It says it offered to remove its charges from the balance owing, which reduced it by £90.

Mr H didn't think Atlanta had addressed his complaint fairly and he referred the matter to our service. Our investigator didn't uphold his complaint. He says the charges were raised correctly by Atlanta acting as his insurance intermediary. This includes the cancellation fee applied by the underwriter of the insurance policy. Having listened to the call recordings he thought Atlanta's agents had reasonably tried to explain what happens if an outstanding balance isn't paid.

Mr H disagreed with our investigators view and asked for an ombudsman to consider his complaint.

It has been passed to me to decide.

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.

The information Atlanta supplied includes a welcome letter dated at the start of November 2022 when Mr H's policy inceptioned. Accompanying this letter is a 'Terms of Business'

document. The section relating to cancellation says:

"Cancellation after 14 days - Service Charge - £50".

And:

"If your policy is cancelled after the 14 day cooling period we will charge you £50.00. The terms of your policy may allow your insurers to retain the premium in full or to charge short period premiums in the event of cancellation before the policy expires... Please refer to your policy booklet for details of charges that your insurer may make."

Also:

"Discounts and cancellation: If your policy is cancelled before the end of the 12 month term we will pro-rata any discount that was applied when you took out the policy. For example, if you received a discount of £12 and the policy is cancelled six months into the 12 month policy term, you will be expected to pay £6 for the unused portion of the discount."

In addition to the above, the Terms of Business document under the heading, "Payment for our services" explains that a non-refundable service charge for £40 is payable to Atlanta for arranging the new policy.

I've read the policy terms for Mr H's insurance policy. The cancellation section says:

"You may cancel your policy in writing at any time by notifying us or your intermediary of your intention to cancel. Subject to no claim arising in the current period of insurance, we will give a return of premium for the unexpired portion of the Policy less any administration charge."

The terms say that an administration charge for £50 plus insurance premium tax is payable in the event of a cancellation.

The annual premium for Mr H's policy came to £353.92. I can see Atlanta wrote to him the day after he confirmed his decision to cancel his insurance. Its letter set out a breakdown of the charges. This is made up of £77.34 in charges raised by Mr H's insurer. An arrangement fee for £40 and a £50 cancellation fee raised by Atlanta. Mr H paid £29.82 in instalments toward his total premium. £7.41 was deducted from the amount owing as the pro-rata portion of the premium discount. The total amount left owing was £130.11, which Atlanta's letter says is due to be paid within the next seven days.

Having considered the policy terms, including Atlanta's terms of business - the charges it raised are correct.

Our service thinks it's fair for a customer to be made aware of any cancellation charges before they agree to take an insurance policy. I can't see from the information provided if this was made clear to Mr H. But as Atlanta has removed its charges from the outstanding balance, he hasn't been negatively impacted by this.

Mr H's complaint is with Atlanta not his insurer. So, I haven't considered the charges it raised other than to acknowledge these charges appear to be in line with its policy terms.

I've thought about Mr H's comments that he didn't receive policy documentation setting out all the charges. I can understand why he could be confused with the charges raised if he hadn't seen this information. The welcome pack Atlanta issued at the inception of Mr H's policy includes a copy of its Terms of Business. I can see that this was addressed correctly. I

don't dispute Mr H's comments that he didn't receive documentation setting out all the charges. But as Atlanta has removed its charges amounting to £90, I don't think he's been disadvantaged financially.

I've listened to the calls that took place between Mr H and Atlanta's agents. In the first call Mr H confirms he wants to cancel the policy as he's sold the vehicle. The agent puts the call on hold to check on the charges involved. Mr H can be heard still connected on the call, but it appears the call was disconnected.

Mr H called back. I've listened to this call. Atlanta's agent tells Mr H he owes £130.11 to cancel the policy. Mr H is surprised by the amount owed given the short period on risk. I think the agent could've been more helpful and explained how this charge was made up. But he didn't and quickly talks about referring to a debt recovery agent. I think this part of the call could've been handled better. An automated message can then be heard that says the call is on hold, but Atlanta's agent can be heard saying "*hello*". I can't be sure what happened here, but the indication is that Mr H placed the call on hold via his phone, presumably in error.

Mr H called back again and was passed through to the cancellation team. This call lasted just under 40 minutes during which Mr H explained he couldn't find reference to the charges he was being asked to pay in the policy terms. Atlanta's agent explained the charges and confirmed a written breakdown would be provided. A complaint was raised during this call.

I think the second call could've been handled better. Mr H was clearly shocked at the amount charged for cancelling the policy. Atlanta's agent could've provided more information and been more empathetic in his response. It's fair that Atlanta acknowledges the upset this caused him. But I think it's done enough to put things right by removing £90 in its charges from the balance owing.

Having considered all of this I don't think Atlanta behaved unfairly in the charges it raised. It could've handled one of the calls better and it's unfortunate the first call disconnected. But it acted reasonably by removing its cancellation charges. So, I can't reasonably ask it to do anymore.

My final decision

My final decision is that I do not uphold this complaint.

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

Mike Waldron
Ombudsman