

The complaint

Mrs G complains that Kingfisher Insurance Services Limited (trading as ClubCare Insurance) mishandled her caravan insurance.

What happened

Mrs G got a new caravan in about 2007.

For the year from 4 July 2021, she had the caravan insured with an insurance company through Kingfisher (an insurance intermediary). Mrs G paid instalments to a premium finance provider.

Mrs G and Kingfisher renewed the policy for the year from July 2022. Mrs G continued to pay instalments to the premium finance provider.

In about late August 2022, Mrs G cancelled her direct debit.

With effect from 2 September 2022, Kingfisher (on behalf of the insurance company) cancelled the policy for Mrs G.

Kingfisher asked Mrs G to pay about £53.00, which included a cancellation fee of £30.00. On about 6 September 2022, Mrs G complained to Kingfisher that she had contacted the premium credit company and it had told her she didn't owe any balance.

By a final response dated mid-October 2022, Kingfisher turned down the complaint.

Mrs G brought her complaint to us in mid-January 2023.

Our investigator didn't recommend that the complaint should be upheld. She thought that Kingfisher had followed its cancellation policy and its terms around payment of premiums. She said that Kingfisher hadn't acted unfairly.

Mrs G disagreed with the investigator's opinion. She asked for an ombudsman to review the complaint. She says, in summary, that:

- She was told on the phone by the finance provider and Kingfisher that it was sorted. She then learnt differently at a later date. This is poor practice.

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.

I've taken into account the applicable law, regulation and good practice. Above all I've considered what's fair and reasonable.

The July 2022 renewal letter said that the cost for the year was going to be as follows:

<i>"Premium:</i>	<i>£151.86</i>
<i>Administration Fee:</i>	<i>£ 16.00</i>
<i>Legal Protection Touring Caravan Club Care</i>	<i>£ 12.00</i>
<i>Total Insurance Cost*:</i>	<i>£179.86"</i>

So, in addition to caravan insurance, Mrs G also had the additional optional product of legal protection cover.

From a file note, I've seen that the total payable to the finance provider was going to be £206.44. So I find it likely that, in addition to the £179.86, there was going to be interest of £26.58.

From that, I would expect the monthly instalment to be about £17.00.

Kingfisher's terms of business included a fee of £16.00 for renewing a policy and £30.00 for cancellation. The terms of business included the following:

"Cancellation

If you wish to cancel your policy, please contact us...

If you cancel within the first 14 days no additional cancelation fee is payable to us but you may be required to pay a proportion of the premium for the cover provided and the initial policy admin fee is non-refundable. You can cancel the optional additional products you have purchased within 14 days, on the condition that no claims have been made or pending you will receive a full refund.

After 14 days the above fee will apply in addition to the cost of cover provided. After 14 days you may cancel the optional additional products, but you will not receive a refund of unused premiums."

So, as I would expect, a cancellation would be less expensive in the first 14 days.

The terms of business also included the following:

"Payment of Premiums...

If you default on your credit agreement and the contract is cancelled, any outstanding balance will be reclaimed from us by [the premium finance provider] and the debt will become due to Kingfisher."

I find it likely that an instalment was due in early July and in early August 2022. From what Mrs G and Kingfisher have each said, I think that Mrs G paid those instalments by direct debit.

From her later email, I accept that Mrs G had sold the caravan and cancelled the direct debit on about 22 August 2022. And the finance provider had written to her. Mrs G then contacted the finance provider. I haven't had access to any call recordings.

I find it likely that, if Mrs G had also spoken to Kingfisher on the telephone and it had said that there was no balance due, then she would've mentioned this as soon as Kingfisher asked her for payment.

By about 6 September 2022, Kingfisher had asked Mrs G to pay a cancellation fee of £30.00 and an additional £23.65.

I've seen an email dated 6 September 2022 from Mrs G to Kingfisher as follows:

"I have today had a phone call to confirm some bizarre payment that is due to yourselves. I was told by [the premium finance provider] ...that I owe nothing to them and they also don't understand why I owe any money as their agreement is fine with no payments due. So they have raised a complaint from there end and from reading the paperwork there seems to be some discrepancy between them and yourselves. The caravan was sold on the 22nd August and I cancelled the direct debit with immediate effect resulting in the finance company writing the letter some days later and therefore although it's shocking you charge a £30 early repayment charge the extra it seems is a discrepancy between what you think the agreement outstanding to date is and what the finance company paid you. Not sure why this falls onto the customer if you can't both match up..."

Mrs G's email didn't say that she had contacted Kingfisher between 22 August and 6 September 2022. So I find that she hadn't.

So I find it likely that the finance provider had told Kingfisher that Mrs G wanted to cancel the policy. I don't find that Kingfisher treated Mrs G unfairly by cancelling the cover with effect from 2 September 2022. The cancellation took effect after about two months of cover.

Whatever the finance provider had said, I don't find it unfair or unreasonable that Kingfisher said that a balance was due. Mrs G was going to have to pay a cancellation fee of £30.00 that hadn't been factored into her instalments. Also, - although she was entitled to a pro-rata refund of the premium of £151.86 - she wasn't entitled to any refund for the admin fee of £16.00 or for the legal protection cover of £12.00.

As Mrs G was only covered for about two months rather than twelve, I would expect the insurance company to calculate a refund of about ten twelfths of the premium of £151.86, that is about £126.00.

The calculation is more complex for the finance company's rebate of part of its interest of £26.58.

In any event, I don't hold Kingfisher responsible for either the insurance company's calculation or the finance provider's calculation.

Kingfisher has, in effect, said that the statement of account was as follows:

Total Insurance Cost	£179.86
cancellation fee	£ 30.00
sub-total	£209.86
less refund	£156.21
balance due	£ 53.65

I don't conclude that Kingfisher treated Mrs G unfairly in this. So I don't find it fair and reasonable to direct Kingfisher to do any more in response to this complaint.

My final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct Kingfisher Insurance Services Limited to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 23 November 2023.

Christopher Gilbert
Ombudsman