

The complaint

Mrs W complains that West Bay Insurance Plc is pursuing her to pay an outstanding premium after she cancelled her motor insurance policy. She wants it to waive the balance. Mrs W is represented in this matter by her husband, Mr W, a named driver on her policy.

What happened

Mrs W and Mr W called West Bay to cancel their policy after a claim as they no longer had the car. West Bay cancelled the policy and waived the cancellation fee. But Mr W thought it also said it would waive any outstanding premium. He wanted it to honour this. West Bay said there was an outstanding balance owing after the direct debit had been cancelled as there had been a claim made on the policy.

Our Investigator didn't recommend that the complaint should be upheld. He thought West Bay could have been clearer when it told Mrs W that no further direct debits would be taken after the policy had cancelled. He thought this was the source of the confusion. He thought the policy's terms and conditions required the full premium to be paid after the policy had cancelled. And he thought West Bay had reasonably waived the cancellation fee and £30 of the outstanding balance.

Mr W replied that West Bay had agreed on three occasions that there had been human error. He said the matter was causing him stress and anxiety. He asked for the complaint to be reviewed by an Ombudsman, so it's come to me for a final 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.

I can see that Mr W is adamant that he was told by West Bay that the outstanding premium would be waived when he cancelled the policy. He said this was due to West Bay's poor claims handling.

As our Investigator has already explained, if a fault claim is made within a policy year, then the full premium becomes payable. Even though it may be paid by monthly direct debits, the policy is an annual contract. And if a fault claim has been made, then the policy has been used. And so no refund of premium would be due on cancellation. I can see that this is explained on page 47 of the policy booklet, and I think this is fair and reasonable and in keeping with industry standards.

Mr W explained the claim circumstances. He said that he'd hit another driver in the rear. And I can see that this was recorded as a fault claim on Mrs W's policy update in November 2021. I've looked at West Bay's file notes.

On 14 January 2022, Mr W called to ask what it would cost to cancel the policy. The call handler told him there was a £50 cancellation fee, which Mr W thought should be waived. But I can't see that this was agreed. Mrs W later called and said that Mr W had been told that they wouldn't be charged anything.

Mr W called on 24 January 2022 and he was told that the claim would remain open for six months following the accident in case the other driver made a claim. He was also told that if

the policy was cancelled and the claim was open or there was a fault, then the full premium would be payable. Mr W asked how much this would be and he was transferred to customer services.

I've listened to the calls Mr W and Mrs W then made with West Bay. On 25 January 2022, a manager called Mr W back as agreed. He explained why the claim was still open. He said payments would be required until the policy expired. He explained that if no claim was paid out for the other driver, then the claim would be closed, and Mr W's No Claims Discount (NCD) would be restored. Mr W was happy with this explanation.

On 4 February 2022, Mr W said he was still making payments for a car he no longer had, and which West Bay hadn't repaired following the accident. He thought this was a breach of contract. The call handler said a manager would call him back. But I haven't heard this call.

Mrs W called West Bay on 7 March 2022 to discuss £25 sent to her for an earlier complaint. Her address had changed, and she hadn't received this and so the cheque was reissued, and her address updated. Mrs W confirmed that she had been told that she would have to pay off the outstanding premium if the policy cancelled. And the call handler repeated this several times.

The call handler said Mrs W would also have to pay the cancellation fee. But Mrs W insisted that she'd been told the £50 would be waived and she would have to pay off the balance. Mrs W said she would discuss this with Mr W.

The call handler then called Mrs W back as she said she hadn't discussed the reduction of premium due to the change of address. Mrs W still needed to call back to cancel the policy.

Mr W called on 29 March 2022 to cancel the policy. Mr W said he'd been told by a manager he could cancel the policy and the "costs of the thingummy" would be waived due to the mishaps he'd had during the claim and because his car wasn't being repaired. He then said Mrs W had been told the £50 cancellation charge would be waived. The call handler said he would waive the cancellation charge. But there was no further mention of the outstanding premium.

Mrs W then called West Bay as requested to cancel the policy. She said she thought Mr W had been told that all costs would be waived. The call handler said he would see what fee was generated when the cancellation was put through. And he confirmed that the cancellation fee was removed. He said the direct debit would be cancelled. And Mrs W was then transferred to claims.

West Bay said that in this cancellation call, Mrs W had been correctly told that no further direct debits were due as the policy had been cancelled. But she should also have been told that an outstanding balance for the premium was due. And it thought this had led to confusion. West Bay agreed this had been an error and it reduced the balance owing by £30 to compensate Mrs W for this. I think that was fair and reasonable as West Bay made it clear in its earlier calls and subsequent letters that there was a balance outstanding.

Mr W said he didn't receive any letters about this until a year after the cancellation. But I can see that they were sent to the correct address. And West Bay provided screenshots to confirm that the letters had also been sent by email and they had been opened.

So I haven't seen any evidence to show that West Bay told Mrs W and Mr W that the outstanding balance of the premium would be waived following the cancellation of their policy. I think West Bay very reasonably waived the £50 cancellation charge. And I think its reduction of the outstanding balance by £30 due to its unclear information in one call was fair and reasonable. I don't require it to do anything further. And I think it's for Mrs W and Mr W to pay the outstanding balance for the premium.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

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

Phillip Berechree
Ombudsman