

The complaint

Miss B has complained about Collingwood Insurance Services (U.K.) Limited (CISL). She isn't happy that she was charged a fee to cancel her insurance policy when she was expecting a refund.

Miss B's representative has advanced the complaint on her behalf but for ease I've just referred to Miss B in this decision.

What happened

Miss B took out a motor insurance policy through her broker CISL. The policy cancelled once she passed her test and she is unhappy that it charged a £40 cancellation fee. But CISL said the fee was due and the cost of cancellation was outlined in the policy documentation when she took the policy out.

When Miss B complained to this Service our investigator looked into things for her but didn't uphold her complaint. Although he understood why Miss B didn't feel she should pay for the cancellation of the policy he didn't think it was unfair for the broker to charge the cancellation fee as outlined in the policy documentation.

As Miss B didn't agree the matter has been passed to me for review.

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 don't think the complaint should be upheld. I know this will come as a disappointment to Miss B, but I'll explain why.

I can understand why Miss B doesn't want to pay a cancellation fee, especially as it was always likely that this would be due under the policy if she passed her test. But there is still a cost to the broker in cancelling the policy and doing the administrative work involved in this process. This is clearly outlined in the policy documentation (alongside other fees charged) that was provided to Miss B before the policy was taken out so I can't say that CISL have acted unfairly here. And I would expect Miss B to make herself aware of how the policy worked and the costs involved when she took the policy out.

I know Miss B has also raised a complaint against her insurer about the costing of the policy generally which I know has impacted things here, but that complaint has been considered separately. So, I won't comment on this here.

While the matter has been with me for consideration I have asked CISL to explain the costs involved in both setting up and cancelling the policy. It has provided details on the costs it incurs in both these scenarios. And while I can't divulge the detail to Miss B here, as this is commercially sensitive information, I'm satisfied that it acted reasonably, and it incurs these costs in dealing with this kind of policy.

Given all of this I think Collingwood has acted fairly in charging a cancellation fee as this was clearly outlined within the policy documentation and Miss B could've chosen to cancel the policy in the cooling off period if she wasn't happy about the charges involved. Ultimately, I'm satisfied there would have been a cost for the broker in cancelling the policy and the cost it has charged is in line with the industry generally so I can't say it has acted unfairly here.

My final decision

It follows, for the reasons given above, that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 2 August 2023.

Colin Keegan
Ombudsman