

The complaint

Mr R is complaining that Carrot Risk Technologies Ltd (Carrot) cancelled his car insurance policy on two separate occasions.

What happened

In May 2022 Mr R took out a car insurance policy through Carrot – a broker. The insurance provider required him to pay an annual premium and Mr R needed to pay this at the start of the policy. However, Mr R chose to pay for the policy through monthly instalments. To enable him to do so, he took out a finance agreement with a third-party finance provider – who I shall refer to as G. G paid the annual premium on Mr R's behalf and Mr R agreed in return to repay this in line with the terms of the finance agreement.

Mr R is unhappy that Carrot cancelled his insurance policy on two occasions because he was in arrears on his finance agreement. But he said it this only happened because G didn't take the direct debit payments in June and July 2022. He says this caused him to suffer a financial loss and also some distress and inconvenience. Carrot paid Mr R £150 in compensation and has said that G paid a further £250 in compensation – i.e. it set out Mr R has received £400 in total.

I issued a provisional decision saying I thought Mr R had already been offered fair compensation and I said the following:

"I should first set out that I acknowledge I've summarised Mr R's complaint in a lot less detail than he has presented it. Mr R has raised a number of reasons about why he's unhappy with the way Carrot and G have handled this matter. I've not commented on each and every point he's raised but, instead I've focussed on what I consider to be the key points I need to think about. I don't mean any discourtesy by this, but it simply reflects the informal nature of this service. I assure Mr R, however, that I have read and considered everything he's provided.

I need to set out that, in this decision, I can only consider Carrot's action. Carrot acted as an insurance broker in this matter. Its primary responsibility was to arrange and administer the contract of insurance. Mr R also entered into a separate contract with G to finance the annual premium. It was G's responsibility – as the finance provider – to consider Mr R's ability to keep up with his monthly finance payments. It was also G's responsibility to assist Mr R if he came into financial difficulties and couldn't keep up with his monthly payments.

I can see that a number of things have gone wrong in the way Mr R's payments were collected. But, as I said, I can only consider Carrot's actions in this decision. It appears that G was responsible for collecting the payments – not Carrot. I can also see that it seems to have been G's actions that led Carrot to cancel Mr R's insurance policy. And I can't hold Carrot responsible for anything G did or did not do.

I acknowledge that Carrot cancelled Mr R's policy. But, regardless of the reason why the payments weren't taken, Mr R did owe this money, so I can't say it was unreasonable for Carrot to say he owed this. It seems likely to me that Carrot cancelled the policy because G informed it of the account's arrears. But I can see that Carrot wrote to Mr R through its online

portal giving him notice of the impending cancellation. It's also showed that Mr R opened the document at the same time, so I think he was aware the policy was going to cancel. But irrespective of this, I'm not persuaded I can hold Carrot responsible for the policy being cancelled or any losses he's incurred as a result of the cancellation.

I acknowledge that Mr R has experienced a lot of distress and inconvenience over the course of the insurance policy and finance agreement. But it seems to me that Mr R's concerns primarily rest with regards to the actions of G. If Mr R is unhappy with anything G did or did not do, he'll need to raise that with G directly.

I have seen evidence there was some delay in Carrot reinstating the policy the first time it was cancelled. But I think the £150 in compensation it's offered is sufficient compensation for any avoidable distress and inconvenience it's caused."

Mr R didn't agree with my provisional decision and raised the following points:

- He said he wasn't looking to pay in monthly instalments, but he was given the option of paying the premium upfront or with monthly instalments with 0% interest. So he chose the monthly instalment option.
- When he contacted G to query things, G directed him to Carrot. And he said he had difficulties contacting Carrot as it didn't have a telephone number.
- He said, when the policy finished and all payments were made, Carrot again said he'd missed payments in May and June. He said he was abroad at the time and had to spend money getting access to Carrot's live chat to show he'd made the payment. He said Carrot then told him he'd missed payments in August and September. He said he demonstrated he'd paid it, but it still insisted he owed £400. So he disputed it only ever asked for money he actually owed.

Carrot responded to say it didn't have anything further to add.

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 considered the points Mr R has raised, but it hasn't changed my decision. I don't dispute that Mr R has had a difficult time in this matter, but as I set out previously, I can only consider Carrot's actions in this decision. I recognise Mr R says G directed him to Carrot, but I need to think about what's fundamentally gone wrong in this case and that's that Mr R's monthly payments weren't taken in June and July 2022. G was responsible for taking these payments and I can't hold Carrot responsible for the fact they weren't taken. And, as I said, I can't consider anything G did or didn't do in this complaint.

I note Mr R's comments about what happened when the policy ended, but in this decision I can only consider anything that happened up to the date Carrot issued its response to his complaint – i.e. 14 October 2022. And, the events Mr R has referred to, occurred after this date. Mr R has said that this shows there were times it contacted him when he didn't owe any money. But the fact of the matter is that, regardless of the reasons why, he did owe money when Carrot contacted him at the time in question. And Mr R hasn't given me anything to make me think that the conclusion I reached in my provisional decision was unfair.

So, I still think the £150 in compensation Carrot has offered is sufficient compensation for any avoidable distress and inconvenience it's caused.

My final decision

For the reasons I've set out above, it's my final decision that I think Carrot Risk Technologies Ltd's compensation offer of £150 is fair. It should pay this to Mr R directly if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 29 September 2023.

Guy Mitchell

Ombudsman