

The complaint

Mr and Mrs J complain that I Go 4 Ltd (IG4) renewed their policy and took a full annual premium without authorisation, resulting in financial difficulty and debt chasers, under their motor insurance policy.

What happened

Mr and Mrs J's policy renewed on 15 October 2022. IG4 collected the annual premium for £577.03 on 13 October. They didn't want to renew and contacted the business for a refund. This was processed on 14 October 2022. Mr and Mrs J were told it would take 3 to 5 days for the funds to be returned.

Mr J's bank account was overdrawn as a result of IG4 collecting the premium. They contacted the bank and it arranged for a 'charge back'. The funds were placed back in Mr J's account. The refund provided by IG4 was then received in Mr J's bank account on 17 October 2022.

Since this time Mr and Mrs J say IG4 has pursued them for a debt they don't owe. They say the bank took back the charge back payment on 10 November 2022. This means they didn't owe any money to IG4. They both suffer with anxiety and found the ongoing demands for payment very stressful.

In its final complaint response in December 2022, IG4 says Mr and Mrs J were sent renewal information in September. This confirmed the policy would renew and the premium would be collected unless they instructed otherwise. When it was contacted by Mr and Mrs J on 14 October it processed a refund of the premium. It says it was subsequently made aware on 25 October that their bank had also processed a charge back.

IG4 says this meant it had provided two refunds. One direct to Mr and Mrs J and one to their bank. It requested the over payment back from Mr and Mrs J. It says they disputed this, and it placed the matter on hold. However, the debt was owing and so it continued to request payment. IG4 says that following on from its complaint response it received a payment from Mr J's bank for £577.03 on 7 February 2023.

Mr and Mrs J didn't think they had been paid twice and didn't think IG4 should've chased them for this payment. Because of this they referred the matter to our service. Our investigator didn't uphold their complaint. He says IG4 renewed the policy in line with its policy terms. And it provided a refund in a timely manner when Mr and Mrs J made contact. He says the evidence shows IG4 effectively paid Mr and Mrs J twice due to the charge back they had requested.

Our investigator says IG4 ceased its debt collection activity on 7 February 2023 once it had been provided with the payment for £577.03 from Mr J's bank. He thought this was fair.

Mr and Mrs J didn't agree with our investigator's findings and asked for an ombudsman to consider their 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.

Having done so I'm not upholding Mr and Mrs J's complaint. I'm sorry to disappoint them but I will explain why I think my decision is fair.

I've read the renewal notice IG4 sent to Mr and Mrs J via email on 22 September 2022. This says their policy is due to renew on 15 October. The letter says that unless they hear otherwise the policy will automatically renew based on the premium advised. A link was provided for Mr and Mrs J to cancel the renewal online, if this is what they wanted.

On the second page of the renewal letter, it says:

"If you decide to renew your policy with [IG4] and have no changes to make, you won't need to do anything as your policy will automatically renew on 15 October 2022. We'll set up your new policy and take payment up to two days before your renewal date, in order to ensure you have continuous insurance cover in place."

I think this letter is clear. The impact of not having insurance in place can be significant so we expect an insurer to make it clear to a customer when cover will end and the options available. IG4's letter explains that the policy will automatically renew unless Mr and Mrs J contact it to confirm otherwise. It also explains that it will collect the premium up to two days before the renewal date. This is what IG4 did when it collected the premium on 13 October 2022.

Based on this evidence I can't see that IG4 did anything wrong.

When Mr and Mrs J contacted IG4 to request a refund this was processed the same day. I think this was fair. I acknowledge their reasons for instigating a charge back via their bank. In taking the full premium IG4 caused Mr J's account to go overdrawn. I note what they say about the bank recovering the charge back funds on 10 November 2022. But this wasn't refunded to IG4 until 7 February 2023.

I've thought carefully about what this means. IG4 refunded £577.03 to Mr J's bank account on 14 October 2022. His bank then claimed £577.03 from IG4 using the charge back process. So IG4 issued two refunds when only one was required. It didn't receive a payment to offset the second refund until February the following year.

I note Mr and Mrs J's view that they didn't have IG4's money, so felt it was unfair that it continued to pursue them for this. I can understand that this was confusing and upsetting for them. But ultimately it was they who instructed the bank to claim the money back from IG4. IG4 didn't receive a refund of this amount from Mr and Mrs J when it was requested. So, I don't think it behaved unreasonably when continuing to request this amount.

It's not clear why it took until 7 February 2023 for Mr J's bank to pay the money to IG4. But I don't think this was their insurer's fault. It's provided a screen shot to show the date it refunded Mr and Mrs J's premium. This also shows the date the bank refunded the £577.03 that was owing. So, based on this evidence I don't think IG4 treated them unfairly here.

I've thought about Mr and Mrs J's comments that IG4 instructed a debt collector after it had received payment from Mr J's bank in February 2023. They refer to several contacts they

received from the debt collector and that this required further discussion to try and resolve. I'm sorry that they found this distressing.

I asked IG4 to comment on this point. I also asked if it would agree to our service considering this issue as this wasn't part of the complaint Mr and Mrs J had raised. IG4's final complaint response was sent in December 2022. Under the Financial Conduct Authority (FCA) dispute resolution or DISP rules we can't consider a complaint unless it's been raised with the business first.

IG4 didn't provide authority for us to consider this issue. So, I can't comment on it in my decision here. However, Mr and Mrs J can contact IG4 to complain. If they aren't satisfied with its response they have the option to refer the matter to our service.

In summary, although I'm sorry for the distress Mr and Mrs J have experienced, I don't think IG4 treated them unfairly when requesting payment to refund the additional money they were paid. 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 Mrs J and Mr J to accept or reject my decision before 16 November 2023.

Mike Waldron
Ombudsman