

The complaint

Mr D has complained about Dynamo Cover Limited, which he'd asked to provide him breakdown cover for his car. When he cancelled, it charged him a cancellation fee.

What happened

Mr D was looking to take out breakdown cover. He used an on-line price comparison website and chose cover with Dynamo. Dynamo sent policy documents to him, stating his cover would start on 5 May 2023. But reminded him a validation photo was needed. Mr D sent a photo but received a message saying it was unacceptable. He then cancelled the cover.

Dynamo said that cancellations within 14 days of the policy start date would receive a premium refund, but would be subject to a £15.99 cancellation fee. Mr D felt that was unfair as he felt Dynamo had never really provided him cover. He felt he'd had to cancel so he could take cover elsewhere to be sure that he'd have an active policy should he need assistance in the event of a breakdown.

Our Investigator didn't uphold the complaint. She noted that Mr D had been told about the cancellation fee when arranging the policy. Also that Dynamo had completed a fair amount of work in setting up the cover. So she felt it was fair and reasonable that it had applied a charge.

Mr D wasn't happy. He said he couldn't get answers from Dynamo about why his photo was unacceptable. And without completing validation he ran the risk of having a policy which wouldn't respond if a breakdown occurred. Our Investigator responded further but when Mr D remained unhappy his complaint was passed for an Ombudsman's 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.

Having done so I find my view is the same as that expressed by our Investigator. I appreciate that Mr D feels that he had a policy he could not rely upon because he wasn't able to validate it. But it's not unusual for policies to be subject to validation. And I haven't seen anything which persuades me it's most likely that it was failures of Dynamo which prevented validation.

There's no dispute that Mr D was made aware of the potential cancellation fee before agreeing to go ahead with the cover. That fee applies to cover cancelled within 14 days of the policy start date. The amount of the fee seems relatively low and doesn't seem like an unreasonable sum. And I'm also satisfied, further validation aside, that prior to Mr D cancelling, Dynamo had put in time and effort, such as in producing policy documents, to start the policy. The policy began on 5 May 2023 and Mr D cancelled it on 12 May 2023. I'm satisfied it's fair and reasonable for Dynamo to charge a cancellation fee.

Dynamo has explained that the policy cost £19,50. And because Mr D cancelled so early, he is entitled to a refund of that sum less the cancellation fee. I understand it is waiting to pay this to Mr D. But I also note in its email of 1 June 2023 it said it would be prepared to apply only a reduced fee of £9.99 (instead of £15.99). If Mr D wants to obtain his refund and/or ask Dynamo if it is still prepared to apply only the reduced fee, he should contact it.

My final decision

I don't uphold this complaint. I don't make any award against Dynamo Cover Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 14 December 2023.

Fiona Robinson
Ombudsman