

The complaint

Mr K has complained about the way Amtrust Europe Limited dealt with the cancellation of his roadside assistance policy.

Reference to Amtrust includes its agent.

What happened

- Mr K bought an annual roadside assistance insurance policy underwritten by Amtrust. Around a month into the policy, he changed his car and the new one came with free roadside assistance cover. So he asked Amtrust to cancel the policy and refund the premium for the unused part of the policy.
- Amtrust said it wasn't required to provide any refund after the first 14 days of the policy. It later offered to refund the full premium as a gesture of goodwill.
- Mr K didn't think this went far enough. He said Amtrust's policy was unfair, it should refund 11/12 of his premiums, and pay £200 compensation for the time he spent challenging Amtrust.
- Amtrust didn't agree and retracted its offer. Mr K referred his complaint to this Service. Our investigator thought Amtrust had acted fairly and didn't need to do anything further. Mr K disagreed and reiterated his earlier points.

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.

- In Mr K's complaint, he asked Amtrust to change the terms of its policy and take action for other customers. These aren't things I can consider or require Amtrust to do, so I won't comment on them further. I'll focus on what I can consider, which is how Amtrust treated Mr K.
- It's not in dispute that the policy says it will only provide a refund if the policy is cancelled within 14 days – or that the policy was cancelled outside of 14 days. Nor is it in dispute that Mr K did initially want the policy and chose to buy it. He asked to cancel it because he had no need for it once he changed cars around a month later. He hadn't made any claims, but he did have the benefit of being covered for a month.
- Mr K's main point is that the policy term Amtrust has relied upon is unfair. He notes that in his case, he's effectively paying for an annual policy when he had the use of it for at most a month. That's why he asked for 11/12 of the premium to be refunded.
- I understand Mr K's point. Generally, where no claim has been made, I would expect the total cost following cancellation to be in line with the premium for the time the consumer was covered and the reasonable administrative cost to the business.

- In some cases, that may mean I'd require an insurer to make a part refund in line with those costs in order to treat both parties fairly. But that's not the case here.
- The annual cost of the policy was just under £20. Amtrust's policy says it would charge a £10 administrative fee during the cooling off period – and I think it would likely charge at least as much if cancelling the policy outside that period. Amtrust mentioned costs for processing the policy, so there may be other charges outside the cooling off period. And there would be a deduction for the month of cover provided.
- Taking all of this into account, I'm satisfied the likely administrative and cover charges would exceed the value of the unused cover. So in these circumstances, I'm not persuaded the policy term treated Mr K unfairly and/or that Amtrust should have made a part refund to him.
- As a result, I wouldn't have expected Amtrust to offer Mr K anything. It temporarily offered a full refund as a gesture of goodwill, which I think was a reasonable and positive attempt to reach an amicable resolution. When that was unsuccessful, it retracted the offer and it was entitled to do so.
- Whilst Mr K has been in touch with Amtrust and this Service, and that will inevitably have required some time and effort on his part, I'm not persuaded Amtrust caused him to do so by acting unfairly. So I don't think it should pay him compensation.
- Overall, I'm satisfied Amtrust acted fairly and need take no further action.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 4 June 2024.

James Neville
Ombudsman