

The complaint

Mr F complains that Ageas Insurance Limited should refund him after the cancellation of his motor trade insurance policy.

What happened

Mr F took out cover in connection with his motorcycle business. The cover was a motor trade road risks policy and motor legal protection.

A broker arranged the cover. It said that the cost was as follows:

road risks	£ 890.55
insurance premium tax	£ 106.87
subtotal	£ 997.42
motor legal protection	£ 35.00
policy issue fee	£ 150.00
subtotal	£1,182.42

Mr F paid a £700.00 deposit or advance payment. So the balance was £482.42. Mr F agreed to pay the balance plus interest by nine instalments of about £60.00 to a finance company. The total payable was going to be £1,254.78.

Ageas was the insurance company named in the road risks policy. Cover was going to be for the year from 20 April 2022.

A different insurance company was named in the legal protection policy. That was for the year from an earlier date in April 2022.

Mr F says the finance company took payments as follows:

20 May 2022 £ 61.66

20 June 2022 £103.55

Unfortunately, Mr F had to give up his motorcycle business. On about 29 June 2022, he contacted the broker about cancelling the policy and getting a refund. Mr F complained to the broker about its response.

By a final response dated early July 2022, the broker said that if Mr F wanted to cancel, then it would keep the £150.00 and the £35.00 and there would be a charge for time on cover. The broker didn't accept the complaint.

Mr F brought that complaint to us in early July 2022. He told us that he was struggling to pay for fuel to travel to work or to visit his brother who was terminally ill.

The broker cancelled the policy with effect from 8 July 2022. So Mr F's time on cover had been about 11 weeks.

In mid-November 2022, our investigator didn't recommend that the complaint against the broker should be upheld.

Through us, Mr F complained to Ageas in November 2022.

Ageas didn't send a final response to Mr F. Ageas told us that the broker was the underwriter.

our investigator's opinion

Our investigator recommended that the complaint should be upheld. He thought that Mr F should only be charged for his time on cover by Ageas. He recommended that Ageas should calculate the amount of policy refund applicable and issue the refund to Mr F.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr F and to Ageas on 15 June 2023. I summarise my findings:

The refund of £976.93 was much more than the refund of about 80% I would've expected. So – unlike the investigator – I wasn't minded to find it fair to direct Ageas to make any further refund to Mr F.

Subject to any further information from Mr F or from Ageas, my provisional decision was that I didn't uphold this complaint. I didn't intend to direct Ageas Insurance Limited to do any more in response to this complaint.

Mr F disagreed with the provisional decision. He says, in summary, that:

- In early July 2022, he asked for a refund of his advance payment, but the broker said it did not refund deposits.
- The broker didn't inform him that the money would be retained to pay off the finance agreement. If the broker had told him that, then he would've instructed them to keep the policy going. That would've been better than incurring more costs by taking out a further insurance policy.

Ageas hasn't responded to the provisional 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.

Mr F's response to the provisional decision

The Financial Ombudsman Service deals with a consumer's complaint against one regulated financial firm at a time. I'm dealing with Mr F's complaint against Ageas. So I've looked at acts and omissions for which I hold Ageas responsible. I won't name the broker or make any findings against it in this decision.

I wouldn't hold Ageas responsible for any statement by the broker that it didn't make refunds. And I wouldn't hold Ageas responsible for any failure by the broker to explain how it had applied his deposit.

My consideration of Mr F's complaint

I've seen a notice dated December 2021 telling policyholders of some changes to their road risks policy. The notice was headed with the brand name and logo of the broker. But it said that the policy was between the policyholder and Ageas. The notice said that the broker arranged the policy. The notice also said that the broker administered the policy.

I consider that all of that is consistent with Ageas's statement that it had given the broker delegated authority. Nevertheless, I consider that Ageas remained responsible to Mr F for the calculation of charges for time on cover, even if that was delegated to the broker.

I would expect Ageas to have made a charge proportionate to about 11 weeks out of the 52 weeks (so about 20%) of the yearly cost of £997.42. I would expect Ageas to make any refund via the broker. The broker told us the following:

"The client refund was calculated based on firstly a returned premium from the insurer of £976.93. Out of this amount our branch retained a commission of £174.43 for the arrangement of the policy which left £802.50. The client was paying in instalments so this had to be settled with the finance provided. The balance due to them was £656.97 to do so and which left £145.53 due to the client."

The refund of £976.93 is much more than the refund of about 80% I would've expected. So – unlike the investigator – I don't find it fair to direct Ageas to make any further refund to Mr F.

I consider that the reasons why the broker only offered Mr F about £140.00 were to do with some or all of the following:

- The broker or the legal protection insurer didn't refund any of the £35.00.
- The broker didn't refund its £150.00 policy issue fee.
- The broker retained a commission of £174.43.
- The finance company asked for a balance of £656.97 and the broker paid it.

I don't hold Ageas responsible for any of those actions by the broker, the legal protection insurer or the finance company.

Overall I don't find it fair and reasonable to direct Ageas to do any more in response to this complaint.

My final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct Ageas Insurance Limited to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 28 July 2023.

Christopher Gilbert
Ombudsman

