

## **The complaint**

Mr B complains that AutoProtect (MBI) Ltd (“AutoProtect”) declined to change his payment date, which he says led to him making late payments towards the premium for his Guaranteed Asset Protection (“GAP”) insurance policy. He also complains they issued him with threatening emails which contained inaccurate information, and about the refund he received after he cancelled the policy.

## **What happened**

Mr B took out a GAP policy, through a broker, AutoProtect, in September 2022 for a total premium of £320.08 – this involved an initial deposit payment of £60.16, followed by nine monthly instalments of £28.88. Mr B says AutoProtect refused to change the date they would collect his monthly instalments, which in turn led to him making late payments. Mr B says he received emails threatening legal action and says, not only was he unhappy about the tone of the correspondence, but it contained factually incorrect information. Mr B then cancelled his policy but AutoProtect gave him a pro-rata refund rather than a full refund. So, Mr B complained.

AutoProtect responded and explained they’d reviewed the content of their emails notifying Mr B about the outstanding payments but didn’t feel the tone was unfriendly. They explained their system is automated and all monthly instalments are taken on the same date for all policyholders, so it’s not possible to change the date the payment is applied to the card they hold on file for Mr B. AutoProtect explained the refund issued to Mr B was in line with the policy terms.

Our investigator looked into things for Mr B. She thought AutoProtect hadn’t acted unreasonably in declining to change the payment date or in their correspondence with Mr B. She also thought the refund issued was fair. Mr B disagreed so the matter has come to me for a 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’ve decided not to uphold the complaint. I understand Mr B will be disappointed by this but I’ll explain why I have made this decision.

### *Refusal to change payment date*

Mr B says AutoProtect refused to take payments on a set day which works for him, which in turn led to him making late payments. AutoProtect say their system is automated and all monthly instalments are taken on the same date for all policyholders, so it’s not possible to change the date of payment.

My starting point is Mr B's GAP's insurance policy document. This sets out the terms and conditions and, under a section headed 'Instalment plan', it sets out the agreement in relation to the payment date. It says *"Each monthly payment will be deducted from your assigned card on the 1<sup>st</sup> day of the month..."* There's a sub-heading which says, 'Change payment date' and this says, *"Payments will always be called for on the 1<sup>st</sup> day of the month..."* There's another sub-heading which refers to the consequences of non-payment and explains AutoProtect will take action to recover any amount due. The Insurance Product Information Document ("IPID") sets out Mr B's obligations and says, *"You must pay any premium when due..."* and under a separate section headed 'When and how do I pay?' it says, *"You do not need to schedule payment, payments are automatically applied on the 1<sup>st</sup> of each month."* AutoProtect also sent an email to Mr B on 17 September 2022 – a day before his policy started – setting out a summary of the payments due. This says, *"Monthly payments are applied to the original payment card on the 1<sup>st</sup> day of each month starting one month after your purchase. Please ensure you have adequate funds available."* So, taking into account the policy documents and email sent to Mr B, I think AutoProtect did make it clear that payment would be due on the first day of each month.

I can see Mr B did ask AutoProtect in October 2022 if his payment can be changed to the eleventh day of each month, but they explain, as the payment system is automated, it's not possible to amend the date the payments are taken. In January 2023, Mr B again points out he wants his payment date to be the eleventh day of each month, but again AutoProtect explain, as all monthly payments are taken by their automated system on the first day of each month, it's not possible to change the payment date. I do acknowledge Mr B had a preferred date on which he wanted to make payment, but AutoProtect have explained their system is automated and the payment date can't be changed. I think it's important to make clear, our service doesn't have the power to direct a business to change their processes. But we can look to see if a customer has been treated fairly. AutoProtect explain the payment date of the first day of each month applies to all policyholders – so I can't say Mr B has been treated any differently to other AutoProtect customers. I also think information about the payment dates was made clear in the policy documents, so I can't say AutoProtect have acted unfairly in refusing to change Mr B's payment date.

### *Threatening correspondence and incorrect information*

I understand Mr B is concerned about the tone of correspondence sent by AutoProtect when notifying him about missed payments. I can see AutoProtect sent an email to Mr B saying a payment of £28.88 due on 1 January 2023 hadn't been met by Mr B's bank. The email provides a link allowing Mr B to make payment or to contact AutoProtect to update his card details. The email says AutoProtect will continue to apply to Mr B's bank for payment but, while the instalment remains unpaid, his vehicle will not be covered, and any total loss claim he makes for an event that occurs during this time will not be valid. This is followed by another email on 8 January, setting out the same information as the previous email.

AutoProtect then sent an email on 23 January explaining Mr B's outstanding monthly instalment on his policy remains unpaid and he hasn't responded to their previous communications to make an arrangement to pay. They explain if Mr B is having difficulties making payment, then their customer service team are able to speak with him in confidence and to help him resolve the matter.

AutoProtect say if they don't hear back from Mr B within the next day then, in accordance with the policy, they're providing 14 days' notice that, should the outstanding amount not be paid, then the total outstanding balance of £173.28 will become due and proceedings will commence to recover this, and the policy will be cancelled due to non-payment.

This is then followed by an email on 25 January, from AutoProtect, to say the 14-day cancellation notice served in accordance with the policy has now expired and all outstanding

premium, totalling £173.28 has become payable in full. The email says proceedings will shortly commence to recover the outstanding amount and they ask Mr B to contact their collections team to avoid this. The email sets out a summary of the facts and says AutoProtect had been unable to collect the instalment of £28.88 due on 1 December 2022 and an email was sent asking for payment. The email says, on the fifth working day thereafter, the instalment due on 1 December was called for again and remained unpaid. It says AutoProtect then gave Mr B 14 days' notice of cancellation due to non-payment and explaining the full premium would become payable and proceedings would commence to recover this.

I understand Mr B is concerned about the tone of the communication – which he feels is threatening. I acknowledge Mr B's concern, but the policy document does set out the consequences of non-payment and says AutoProtect will take action to recover any amount due. And, at the point the emails of 23 and 25 January were sent, the January monthly instalment was outstanding. So, I can't say AutoProtect have acted unreasonably here.

That said, I agree with Mr B's concern about there being an error in AutoProtect's communication. The email of 25 January refers to December's instalment being outstanding – but the information shows the December instalment was paid by Mr B on 23 December. AutoProtect accept there was an error here, and their email incorrectly made reference to dates in December. They say these dates were incorrectly pulled through by their system, which should instead have pulled through the relevant dates in January. They say this has since been corrected with an update to their system to ensure this doesn't happen again. AutoProtect say this didn't however affect the process of handling Mr B's missed instalment for January.

I acknowledge the incorrect dates would've caused some confusion, but I don't believe the impact of this justifies any compensation. I say this for a number of reasons. Firstly, the email of 23 January – and which led to the 25 January email – does refer to the correct missed instalment for January. In addition to this, while I accept reference was made to the incorrect dates, I can't say it was unreasonable for AutoProtect to follow this process as the information shows there was, at that point, an outstanding instalment, albeit for January. I've also noted that Mr B responded shortly after receiving the email and pointed out the information is factually incorrect as December's instalment had been paid. Mr B says the amount outstanding relates to January's instalment. So, it appears Mr B identified the error after reading AutoProtect's email, so, apart from some initial confusion which was likely caused, I can't say there was a wider impact here as Mr B immediately recognised there was an error. I think it's also important to add here, while the dates were incorrect, I can't see proceedings were actually issued against Mr B. So, I acknowledge there was an error here, but for these reasons I won't be asking AutoProtect to pay any compensation for this.

Mr B also says it was unreasonable for AutoProtect to have sent him an email on 23 January, giving him 14 days' notice of their intention to start proceedings, only to write to him again two days later to start this process. I acknowledge Mr B's concern, but as mentioned above, I can't see AutoProtect started any proceedings to recover the amount due. I agree the email of 23 January gives Mr B 14 days' notice of AutoProtect's intention to commence proceedings. But, while the email of 25 January says, "*Proceedings will shortly commence...*" no proceedings had been issued at that point. AutoProtect also make it clear in this email that Mr B can still contact them to pay the amount due to avoid court proceedings. I acknowledge the email of 25 January says the 14 days' notice has now expired – and this does appear to be an error. But I can't say there were any consequences of this error as AutoProtect didn't issue proceedings.

*Refund of premium*

I can see Mr B decided to cancel his policy, and he feels AutoProtect should give him a full refund of what he has paid. AutoProtect say, as the cancellation request was received outside the cooling off period, Mr B was entitled to receive a pro-rata refund of £112.33 in accordance with the policy terms as he'd been on cover for 136 days and they also deducted a £35 administration fee.

I've looked at the policy document and this explains, if Mr B cancels his policy within the first 30 days, then he's entitled to a full refund as long as no claim has been made. It goes further to say, if the policy is cancelled after 30 days, then Mr B is entitled to a pro-rata refund on the amount he has paid under the instalment plan, less the administration fee of £35. There's no dispute Mr B cancelled his policy after 30 days, so I can't say AutoProtect have acted unfairly in applying the terms of the policy and issuing a pro-rata refund. Mr B has had the benefit of having cover during the period the policy was in place, so I can't fairly ask AutoProtect to refund the full amount Mr B has paid them.

I understand Mr B will be disappointed, but I wish to reassure Mr B I've read and considered everything he has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

### **My final decision**

For the reasons I have given, it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 8 November 2023.

Paviter Dhaddy  
**Ombudsman**