

## The complaint

Mr V has complained about the amount he has been asked to pay Jigsaw Insurance Services Plc trading as NCI Consultants Ltd after his motor insurance policy was cancelled. He's also mentioned that Jigsaw wouldn't communicate with him.

Although I appreciate Mr V's policy was arranged by Jigsaw under its trading name of NCI, I've referred to Jigsaw in this decision for the sake of ease.

## What happened

Mr V took out a policy through Jigsaw which started at the end of August 2022. It asked him to provide some documents, including proof of his no claims discount (NCD). He provided the documents, but the underwriting agency Jigsaw had placed the insurance with wasn't happy with his proof of NCD, as it thought it was still in use. Jigsaw asked Mr V to provide a further copy, which he did and the agency accepted this and Mr V's policy continued with the no claims discount as it was when it started. Although, during this process Jigsaw had told Mr V the policy would be cancelled if he didn't provide the documentation required and that his premium may be increased.

On 30 November 2022 Mr V called Jigsaw and said he wanted to change the vehicle under the policy, as he no longer had the vehicle insured under it, because he'd part-exchanged it. The agent told him that there was a refund of premium due and his monthly direct debit payments would be reduced to reflect this. Mr V wasn't happy with the refund and asked the agent not to process the change of vehicle. She explained that she would have to issue a seven day cancellation letter, as Mr V had said he no longer had the vehicle insured under the policy. Mr V said he wanted to make a complaint and that he wished to speak to a supervisor. The agent said she'd arrange for a supervisor to call him back and wouldn't make any changes to the policy. The supervisor called Mr V back and his policy was cancelled. After this happened Jigsaw told him that he had £194.10 left to pay.

Mr V wasn't happy he been asked to pay this amount and complained to Jigsaw. It issued a final response letter in which it set out its fees and charges and how the £194.10 had been calculated. And it said it was satisfied this amount was correct. It eventually passed this debt to a debt collection agency.

Mr V asked us to consider his complaint. One of our investigators did this. He was satisfied what Jigsaw had charged/deducted was reasonable. But he noted that the insurance company who had provided the policy to Mr V had charged a cancellation fee of £66.08 in addition to the £75 cancellation fee Jigsaw had charged. He didn't think it was fair for Mr V to be charged two cancellation fees and said that Jigsaw should inform the insurer to refund its cancellation fee. This would still have left Mr V with £128.02 to pay to Jigsaw.

Mr V wasn't happy with the investigator's assessment and asked for an ombudsman's decision. It seemed – as far as he was concerned – he should not have to pay Jigsaw any more than he has already paid them by paying his deposit and monthly direct debit payments.

I issued a provisional decision on this complaint on 26 October 2023, in which I set out what I'd provisionally decided and why as follows:

*I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*As this complaint is about what Jigsaw charged Mr V when his policy was cancelled I can only consider the amounts it charged when doing so. But I think it would help if I made it clear that Mr V was paying for his policy by instalments via a finance provider and he was charged a premium for the policy by the underwriting agency. And this agency was acting for an insurance company. And both these things could have had an impact on what Mr V had left to pay to Jigsaw when his policy was cancelled.*

*It does seem there is a discrepancy between what the pro rata refund from the insurer should be after the 93 days cover Mr V had, which I make £873.95 based on the annual premium shown on the statement of fact of £1,172.77, and the refund Jigsaw said the insurer allowed in its final response of £807.87. The difference is £66.08 and our investigator thought this was because the insurer had deducted a cancellation fee. But I doubt this was the reason, as £66.08 would be a very unusual cancellation fee. So it would be helpful if Jigsaw could explain this discrepancy in response to this provisional decision. Ultimately, this is a matter for the insurer, so if Jigsaw can't explain it or it is as a result of a charge or error by the insurer, Mr V would need to take it up with the insurer directly. And we can advise him on how to do this if he wants us to.*

*Turning now to what Jigsaw deducted and charged Mr V. When Mr V's policy was cancelled Jigsaw deducted three separate amounts from the premium refund due to Mr V, which were as follows:*

- *Its own cancellation fee of £75;*
- *the commission it lost as a result of Mr V's policy being cancelled of £78.03; and*
- *part of the discount it gave Mr V when it set up the policy - £71.69.*

*I'm satisfied it was reasonable for Jigsaw to charge the cancellation fee. And, although I think it is on the high side, I consider it fair as Jigsaw did have to do a reasonable amount of administration around the cancellation of Mr V's policy.*

*However, I do not consider it was fair for Jigsaw to deduct the commission it lost. This is because, while it does say in its terms and conditions that if the policy is cancelled any commission it was due to receive would become payable and would be deducted from any premium refund, it does not state how much this will be either as an amount or as a percentage of the overall premium. I see this as unfair because Jigsaw has already deducted a cancellation fee to cover its costs in cancelling the policy and a fee for arranging it. And, whilst I appreciate Jigsaw receives commission for placing policies with insurers with the intention of them remaining in place for a year, I don't think it is appropriate to pass on to its customer what it loses if the policy is cancelled early as a result of its commercial arrangement with the insurer or its agent, unless it made it very clear up front that this is what would happen and what the amount would be.*

*I'm satisfied Jigsaw was entitled to deduct the discount it allowed Mr V when he took out the policy, as it says in its terms and conditions, which were provided to Mr V, that it would do this if his policy was cancelled. This amount was probably covered by Jigsaw from its commission. So, now it is losing most of the commission it received and I am not allowing it to recover it from Mr V, it seems fair that Jigsaw should be able to recover this discount. This means I consider as part of the fair and reasonable outcome to this complaint Jigsaw should reduce the amount Mr V owes it by £78.03, ie the commission it deducted when his*

*policy was cancelled.*

*I've considered Mr V's point that Jigsaw failed to communicate with him, but I do not agree this was the case. It seems to have responded to his communications promptly in the main and kept him informed on what was happening. And, having listened to a recording of the telephone conversation Mr V had with Jigsaw's adviser when he called to change the car covered under the policy, I'm satisfied she dealt with Mr V in a reasonable way.*

*I can also see why Jigsaw passed the debt Mr V had with them to a debt collection agency, as it didn't seem Mr V intended to pay it. However, it should let the debt collection agency know the amount due is now £116.07.*

*I gave both parties until 9 November 2023 to provide further comments and evidence in response to my provisional decision. And neither party has provided any further comments or evidence.*

### **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 view of the fact neither party has provided any further comments or evidence in response to my provisional decision, I see no reason to reach a different outcome to the one I set out in it.

### **Putting things right**

For the reasons set out in my provisional decision dated 26 October 2023 I've decided to uphold Mr V's complaint and make Jigsaw Insurance Services Plc trading as NCI Consultants Ltd reduce the amount he owes to it to £116.07.

### **My final decision**

I uphold Mr V's complaint and order Jigsaw Insurance Services Plc to do what I've set out above in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 11 December 2023.

Robert Short  
**Ombudsman**