

The complaint

Mr B complains about the amount of time it took Be Wiser Insurance Services Ltd to act when he told it a policy was taken out in his name by someone else.

What happened

In March 2019 a policy was arranged with Be Wiser in the name of Mr B though a comparison website. A deposit was paid with the remaining annual premium to be spread over 9 monthly payments.

Be Wiser carried out the necessary validation checks and anti-fraud checks, and this all came back clear. It wrote to the email address it had been given as part of the arrangement of the policy and received no response initially.

On 23 April Mr B contacted Be Wiser as he had received direct debit documents from a finance company. He explained that he hadn't purchased the insurance and no payment had been taken from his bank card.

During this time Be Wiser continued sending emails to the email address it had been provided when the policy was arranged – so Mr B wasn't receiving them. On 10 May it cancelled the policy as it hadn't received any replies with an outstanding balance of £113.71.

On or around 10 May 2019 Mr B received a letter confirming the policy had been cancelled – so he considered the matter had been resolved.

But Be Wiser continued chasing the outstanding balance – and it did so by contacting the number and email it had been provided when the policy had been initially arranged.

On 2 July 2019 Mr B received a letter from a debt collection company requesting payment of £148. He contacted Be Wiser shortly after and explained that the policy had been taken out fraudulently. He also complained on the basis that he had already raised this issue with Be Wiser in April and it appeared no action had been taken as a result.

Be Wiser put the collection on hold while it investigated. A few days later Be Wiser wrote to Mr B and sent him its final response. It explained that the debt would be waived, his details had been removed from their systems and it offered him a £10 voucher as a gesture of goodwill. It explained its process for validating policies, including the anti-fraud checks, and that when 'a policy is arranged, it is done so on up most good faith that each customer is declaring the true and correct information'. It said that once the policy was arranged, it carried out validation checks on the details provided, including requesting proof in the event of inconsistencies. It said that as the name provided matched the address provided when the policy was arranged, no inconsistencies were flagged.

Mr B didn't consider this sufficiently compensated him for the trouble and upset he had been caused by the matter and referred the matter to this service.

One of our investigators looked into Mr B's concerns and agreed he hadn't been treated fairly. In short, she acknowledged that Be Wiser had followed its usual process initially when

incepting the policy and there didn't initially appear to be any inconsistencies. But she also acknowledged that Mr B had contacted Be Wiser in April to confirm that he hadn't in fact taken out the policy – yet it appeared Be Wiser took no action following this communication. Given all the circumstances of the case she considered Be Wiser's inaction caused Mr B a considerable amount of trouble and upset and recommended it pay him £200 to put things right.

Mr B agreed, but Be Wiser didn't. In short, it said:

- Be Wiser conducted validation checks on each policy, and it couldn't be held responsible for a third party using Mr B's details fraudulently. It said there were no inconsistencies in the information provided initially.
- It said the stress Mr B had experienced was caused by the person who had fraudulently used his details, not Be Wiser.
- It acknowledged that it took time to resolve the issues – but Mr B's credit rating hadn't been affected and there was no future negative impact on Mr B.
- So it felt the investigators award was excessive given the circumstances.

As agreement couldn't be reached, the matter was passed to me to decide.

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.

As the investigator has already explained, I don't think this case is really about the initial inception of the policy. In looking at the information which was provided at the start, it's clear that with the exception of the contact email and phone number, all other information appeared to be consistent. And I acknowledge that Be Wiser followed its usual processes when validating the details it was provided, and these checks didn't flag up anything untoward.

But it's equally evident that Be Wiser took no action following Mr B's call in April to notify it that a policy had been taken out in his name without him knowing. I consider at this point Be Wiser ought to have done far more to establish what had happened – and it clearly wasn't good enough to use the contact details it had on file, when it ought to have been reasonably suspicious that those details may not in fact have been Mr B's. Especially as it had a postal address which it could've used.

I agree with Be Wiser that it wasn't its fault that a third party had fraudulently used Mr B's details to take out the policy initially. But it was its fault that it took no action following Mr B's calls in April – nor that it didn't apply any common sense to the ways in which it asked 'the policyholder' to confirm their details. If it had any doubts about what Mr B told it over the phone, it ought to have investigated immediately.

All this was combined with the cancellation letter Mr B did receive – which he, I think reasonably, took to mean the matter had been closed and the policy cancelled. But it appears to me that Be Wiser hadn't cancelled the policy because it had been fraudulently taken out – it had cancelled the policy because it didn't receive any replies asking for confirmation of the information provided from 'the policyholder'. As a result, there was a charge outstanding.

So unbeknown to Mr B, Be Wiser continued pursuing him for this debt by emailing and texting the number it had on file. And when no replies were received, the debt was passed to

a collection agency – and it was only at this point that Mr B became aware that far from being resolved, the issue had in fact got even worse.

It's clear from Mr B's communications to Be Wiser and this service that at that point the matter was causing him a significant amount of distress and inconvenience – especially given the realisation that nothing had happened following his call in April.

What makes this worse is that, once Be Wiser investigated Mr B's claims properly, it resolved the matter very quickly – because it was clear that Mr B hadn't in fact taken out this particular policy. So the matter could've been resolved within a week or two of Mr B's call on 23 April. In this context I think it's also important to remember that for most consumers, receiving a letter from a debt collection agency threatening further action is upsetting even if it is anticipated – I think this would've come as a very considerable shock to Mr B given that he thought the matter had been resolved some months prior.

Putting things right

For all these reasons, while I acknowledge the points Be Wiser has made, I consider the investigator's award of £200 for the trouble and upset Mr B experienced to be fair and reasonable. I understand Mr B has confirmed that he is happy to keep the £10 voucher and received the remainder as a cash payment. I'll leave that to the parties to decide.

My final decision

My final decision is that I uphold this complaint. Be Wiser Insurance Services Ltd must pay £200 to Mr B within 28 days of when we tell it he accepts this decision. If Mr B intends to keep the £10 voucher he has already been paid, then Be Wiser Insurance Services Ltd need only pay Mr B the remaining £190.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 17 February 2020.

Alessandro Pulzone
Ombudsman