

The complaint

Miss E complains that her insurance broker acting on behalf of Berkshire Hathaway International Insurance Limited didn't assist her in making an address change to her motor insurance policy and then unfairly cancelled her policy.

What happened

Miss E had a car insurance policy with Berkshire Hathaway arranged by her broker. She contacted her broker on 28 November 2019 to let them know she had moved home and also to add her private car registration to the policy. The change in address generated a new premium, so they asked her to pay this along with an administration fee. She says they wouldn't accept payment on the phone and directed her to do this online. She was given until the 3 December 2019 and then extended to 10 December 2019 to make the payment. And because the payment wasn't made in time her broker cancelled the policy on behalf of Berkshire Hathaway.

She feels that her broker and Berkshire Hathaway should have given her a chance to make the payment and were wrong to cancel her insurance policy. She says she should have been given seven days to make the payment from when her policy was generated a second time on 5 December 2019 giving her until 12 December 2019 to make the payment. Her broker cancelled the policy with the authority of Berkshire Hathaway on 10 December 2019. She feels the impact of cancellation outweighs the short delay in making the payment as it will cause her further financial difficulties. She wants the cancellation marker removed.

Her broker has said they entered her new address on 28 November 2019 which generated an additional premium of £59.74 for the remainder of her policy so they asked her to pay this. They say they gave Miss E clear instructions on how to make the payment. They say they also made it clear the policy would be cancelled if they didn't receive payment by the deadline given. As Miss E didn't make the payment so they cancelled the insurance policy. Our investigator said that her broker on behalf of Berkshire Hathaway had given Miss E a reasonable time to pay the additional premium and had cancelled the insurance according to the terms of the policy. So, she didn't uphold Miss E's complaint. Miss E didn't agree with the investigator, so this has come to me for a final 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 it. I will explain why.

Miss E's policy terms do allow Berkshire Hathaway or their broker on their behalf to cancel her policy in certain circumstances. Included in a list of reasons is where they are unable to collect the premiums. So, I've considered if Miss E's broker on behalf of Berkshire Hathaway cancelled the policy fairly and in line with the terms and conditions.

were clear instructions given?

Miss E informed her broker about a change of address on 28 November 2019. The evidence I've seen shows she was informed here that the additional payment of £59.74 had to be made and that this payment was for the change of address.

She was told that the payment must be made within seven days and that if payment wasn't received before the cancellation date the policy would be cancelled. This gave her until 5 December 2020, but no payment was made.

Miss E was told she couldn't make the payment on the phone and had to do this via her online account, and I've seen that this was made clear to her in her communications with her broker. So, I'm satisfied that the instructions she was given were clear.

sufficient notice to cancel?

I have also seen that on 3 December, Miss E herself logged into the online account and could have made the payment then. But instead she cancelled the quotation she was given on 28 November 2019, so her broker proceeded to issue a seven day cancellation notice on the same day. The notice clearly says that the policy would be cancelled on 10 December 2019 if payment wasn't received. Miss E didn't make the payment in this time and no request to postpone the cancellation was received, so her broker cancelled her insurance policy when the notice period expired.

A new quotation was generated on 5 December 2019 and I understand Miss E expected to get a further seven days extension of time from this date. But the notice was in relation to cancellation of the existing policy not the quotation given to her on 28 November 2019. The original cancellation notice giving her seven days to respond was never cancelled and I haven't seen that any new cancellation letter was issued. Having looked at all the evidence, I can't see that there was any mention of an extension of time to make the payment when the new quote was generated. And I think the online communication between Miss E and her broker made it clear that payment would need to be made by 10 December 2019 or the policy would be cancelled.

I understand Miss E wasn't happy that she was being asked to pay this amount and complained to her broker about it. In an attempt to settle the dispute, they agreed to waive any fee for adding the private registration plate, but she was still required to pay £59.74 and this was consistent through the communications between them. I can't see that any changes were made to the cancellation period that she was already given as a result of having made this complaint.

It has also become clear from earlier communications with her broker that Miss E had changed address much earlier than November 2019. And this means she should have asked her broker to change it much earlier. And I think they could have justified backdating the revised premium to this date. But they didn't do this, and I think this shows they (on behalf of Berkshire Hathaway) acted more than reasonably with regards to this and the change of registration plate.

I appreciate what Miss E says was a difficult time because of her circumstances, but I also feel that her broker's instructions on what she had to do were clear. They had given her five days to make the payment in addition to the extension she was already given. She was given 12 days in total from 28 November 2019 until 10 December 2019 to make the payment, so, I think sufficient notice was given. I'm satisfied her broker's decision to cancel the policy on behalf of Berkshire Hathaway was in line with the policy terms and fair and reasonable in the circumstances. So, I won't be asking Berkshire Hathaway to do anything further.

My final decision

For the reasons given above, I've decided not to uphold Miss E's complaint against Berkshire Hathaway International Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 15 October 2020.

Naima Abdul-Rasool
Ombudsman