

The complaint

Mr D complains that Be Wiser Insurance Services Ltd didn't refund his deposit when he cancelled his motor insurance policy. He wants a refund and compensation for the stress caused.

What happened

Mr D took out a policy through Be Wiser, but he inputted the wrong purchase date for his car. Mr D accepted the quote he was offered, with the wrong date, and called Be Wiser to confirm his details. The incorrect date was then found, and this led to a premium increase. Mr D was unhappy with this and he said he told Be Wiser that he wanted to cancel, on that same day. But it took Be Wiser two weeks to do this. It said no refund was due because the deposit covered his time on cover and two cancellation charges.

Our investigator recommended that the complaint should be upheld. He saw evidence that Be Wiser had provided the increased quote and Mr D had asked to cancel his policy. He thought Be Wiser should then have acted to cancel the policy. So he thought it should charge Mr D for his one day on cover and the broker's cancellation charge. He also thought it should pay Mr D £50 compensation for the trouble and upset caused him.

Be Wiser replied that Mr D had benefited from a day's cover. It said it wasn't responsible for the insurer's cancellation charge, but the insurer agreed to waive this. It didn't think compensation was warranted.

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.

I think it's agreed that Mr D inputted the wrong purchase date for his car when he applied for a policy online. But this was corrected on the same day and I think it's now agreed that Mr D told Be Wiser that he wanted to cancel and didn't accept the new quote. He confirmed this by email the following day. So I think his cancellation should be from that date. And I think Mr D should pay the insurer for his one day on cover, £0.90.

We think that when a consumer cancels a policy during the cooling off period, then only one cancellation charge should be applied. The insurer has agreed to waive its cancellation charge. So I think it's fair and reasonable for Be Wiser to charge Mr D its £23 cancellation fee. I think this is clearly set out in its Terms of Business which Mr D would have agreed to when he applied for the policy online.

Mr D paid a deposit of £43.01. The insurer's charge for one day on cover was £0.90 and Be Wiser's cancellation fee was £23.00. So Mr D was due a refund of £19.11 from his deposit. I can see that Be Wiser has agreed with this calculation. The insurer has already refunded £10.00, leaving £9.11 outstanding.

But Be Wiser doesn't agree that compensation for Mr D is warranted. It says that he inputted the incorrect information and he ended the call before it could go through all its cancellation script. I agree that the initial mistake was Mr D's, but I think Be Wiser's level of service when Mr D wanted to cancel caused him inconvenience and stress:

- Be Wiser said it hadn't provided a further quote to Mr D, but it evidently had as Mr D had an email of this and Be Wiser included the amount in its response to his complaint.
- Mr D had to provide evidence to Be Wiser that he'd asked for his policy to be cancelled when it couldn't locate emails from him.
- The policy wasn't cancelled when Mr D asked, but some two weeks later and I think this caused Mr D worry and stress.

The investigator recommended that Be Wiser should pay Mr D £50 compensation for this level of service. I think that's fair and reasonable as it's in keeping with what I'd award in similar circumstances.

Putting things right

I require Be Wiser Insurance Services Ltd to provide Mr D with a further refund of £9.11 and to pay him £50.00 compensation for the distress and inconvenience caused by its level of service.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require Be Wiser Insurance Services Ltd to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 26 February 2021.

Phillip Berechree
Ombudsman