

The complaint

Mr T is unhappy with the amount he was charged by Royal & Sun Alliance Insurance Plc (trading as MORE TH>N) for his car insurance, even though he had nine years' no-claims bonus. He also complains that they failed to update the details they held about his car – he feels they've treated him unfairly due to his nationality.

What happened

Mr T took out motor insurance with MORE TH>N on 28 September 2020, paying a deposit of £158.25. The balance of the amount owed was to be paid in monthly instalments, with the first payment of £86.23 being due on 25 November 2020.

MORE TH>N requested evidence of Mr T's no-claims bonus (NCB). He had a separate policy for a different car with another insurer - he provided a letter from that other insurer showing he had nine years' NCB. But on 9 November 2020 MORE TH>N contacted him to say they'd amended his policy to zero NCB and that his premium would increase.

Mr T says that, on 20 October 2020, he changed his car number plate. He says he wrote to MORE TH>N telling them about this change straight away – and that he chased them many times by phone asking them to update their records. He says on several occasions he was told they couldn't speak to him because his account was under investigation. He says they didn't contact him until 20 November 2020.

Mr T cancelled the policy on 23 November 2020. He says he expected to pay a £50 cancellation fee. But they told him he still owed them £215.54 for the time he was on cover. Mr T complained about the amount of money MORE TH>N had charged. He said he felt he'd been unfairly punished because of his nationality.

Our investigator was satisfied that MORE TH>N's website made it clear that customers aren't permitted to use their NCB on two different policies at the same time – and that this wasn't an unfair condition. She said she'd seen evidence that Mr T was already using his NCB on another policy for a different vehicle. So, she didn't think MORE TH>N had acted unfairly by amending the NCB to zero and increasing his premium.

The investigator said she hadn't seen any evidence to confirm Mr T had asked MORE TH>N to amend the registration number. She thought it was fair that Mr T should pay the proportion of the higher premium for the days he'd had cover, as well as a £50 charge for cancelling after the 14-day cooling-off period, in accordance with the policy terms.

Mr T said he hadn't known he couldn't use his NCB for two cars at the same time. He didn't think he should have to pay MORE TH>N for the period of cover they claimed to have provided, because he'd repeatedly asked them to update their records with the correct registration number. He thought they'd only provided some of the call recordings to our investigator - and that she'd chosen to believe MORE TH>N because he didn't speak very good English.

My provisional decision

In my recent provisional decision, I said:

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

The increase in Mr T's insurance premium

When customers apply for a policy, insurers ask questions to help them decide whether they're prepared to offer cover, and if so, on what terms. The relevant law here is the Consumer Insurance (Disclosure and Representations) Act 2012, which I'll refer to as "CIDRA". This requires consumers to take reasonable care not to make a misrepresentation in response to the insurer's questions.

CIDRA gives insurers remedies to deal with certain situations where a consumer hasn't taken reasonable care and misrepresented something. The test is how much care a reasonable consumer would've taken when they gave their answers.

MORE TH>N have provided a screenshot of the relevant part of their online application process, showing Mr T would've been asked how many years' NCB he had. A question-mark appeared next to this, so he could find out what it meant. After describing what NCB is and how it can be built up, it says:

"You can transfer your NCB to an alternative car but can't use the same NCB on more than one vehicle..."

And at the bottom of this information box it says:

"Important: You'll need to provide proof of your NCB to a new insurer after you take out a policy."

I've seen that there was also a warning that failure to enter correct information could result in a policy being cancelled or a claim being rejected. So, I'm satisfied that MORE TH>N provided clear information about transferring NCB from another car when Mr T bought his policy.

I've also seen evidence showing that, on 5 November 2020, Mr T forwarded proof of the NCB he held on his other policy. I've listened to the recording of the phone conversation the following day, when MORE TH>N advised him that he couldn't use his NCB on two car insurance policies at the same time. Mr T asked whether he'd be able to transfer his NCB if he cancelled that other policy – he was told this wouldn't be possible. The advisor promised to find out how much extra it would cost to continue with the MORE TH>N policy with zero NCB.

I've seen a copy of a letter MORE TH>N sent Mr T on 9 November 2020, advising him that his monthly payments would increase to £197.77. I'm satisfied that this letter clearly explained that the increase was due to his NCB having been reduced to zero – and that this had happened because the NCB he'd told them about was already being used on another car.

Based on the evidence I've seen so far, I'm satisfied that MORE TH>N were entitled to treat their original agreement with Mr T as void, because it was based on incorrect information about the amount of NCB he was able to use on this policy. And that they were entitled to increase Mr T's premium to the price they'd charge with zero NCB. I'm also satisfied that they explained this to Mr T.

Updating details about the car

The evidence MORE TH>N have provided confirms that, after Mr T received their request for proof of his NCB, he contacted them many times asking questions about what was happening. I've read the notes and listened to the recordings of the many calls Mr T made between 23 October and 23 November 2020, when the policy was cancelled. But I haven't seen or heard any suggestion that he told them he wanted to amend the registration number. For this reason, I'm not persuaded that they made a mistake about the details of the car he'd asked them to insure. So, I do think Mr T should pay for the period of cover he received.

The amount Mr T owed after cancelling the policy

The terms on which MORE TH>N agree to provide insurance are set out in their policy booklet, which needs to be read together with the insurance schedule they sent Mr T when he took out the policy. I've read this carefully to see what it says about cancellation. It explains MORE TH>N would calculate any refund of the premium due and deduct any amounts Mr T owed them at the time. It says they'll also charge a £50 cancellation fee.

MORE TH>N say they insured Mr T's car from 28 September to 23 November 2020, which I calculate to be a period of no more than 57 days. They've told us that his final invoice should've been £207.50, instead of £215.54. But I'm not persuaded that they've based their calculations on the appropriate period of time.

Although they haven't provided a copy of the call recording, MORE TH>N's records clearly state that Mr T called them on 17 November 2020 to cancel his policy, because he'd sold his car the night before. And that their computer system wouldn't allow the call handler to process his request at that time. I don't consider it fair for him to be required to pay more because of the way his policy had been set up on MORE TH>N's system. I'm satisfied that they knew there was no longer a car on cover on 17 November 2020, so I think they should've cancelled the policy with effect from that date. I calculate this to be a period of no more than 51 days' cover.

Discrimination

Mr T says he feels MORE TH>N discriminated against him because of his nationality. I've thought carefully about what he's said. I've heard how upset he is about the service he's received. And I can understand that his upset has been more acutely felt because he's come away with the impression that the service was poorer, and the premium more expensive, because of his nationality. But whilst I'm sorry that Mr T feels this way, I think the way MORE TH>N charged him for his insurance was fair in the circumstances. I don't think there's any evidence that his nationality or ethnic origin played a part in that.

That said, I do think MORE TH>N missed opportunities to improve their communication with Mr T. Having listened to a number of his calls, I don't think there was any reason why staff wouldn't be able to understand him. But from quite early on he made it clear that he didn't consider his English to be very good – sometimes passing over the phone so they could speak to his wife instead or asking for explanations to be sent to him by email.

I'm satisfied that, on 9 November 2020, MORE TH>N sent Mr T a written explanation of the reasons why his premium needed to be increased. But the evidence I've seen shows he called again the following day - and that they promised to email him about whether there was another way in which they could bring the cost down, instead of cancelling the policy. Mr T used MORE TH>N's online chat the next day saying he was still awaiting a final payment figure – again he was promised an email. And after cancelling the policy on 23 November 2020, Mr T again asked for an email explaining the breakdown of charges. I've seen no evidence that he received a response to these requests.

It's not my role to tell a business what method(s) of communication they should use to explain things to customers. But where a business has promised to send a communication in writing I'd expect them to do so – particularly where the customer has made them aware that he doesn't feel confident in his ability to communicate fluently in spoken English.

In this case I think that, because MORE TH>N didn't send written explanations when they said they would, Mr T wasn't able to check his understanding of what they'd told him over the phone with his wife. I think that added to the frustration, upset and inconvenience he experienced. I consider £100 to be fair and reasonable compensation for this.

I said I was minded to uphold the complaint and direct MORE TH>N to:

- Recalculate their final invoice to Mr T, based on a period of cover from 28 September - 17 November 2020 with zero NCB, to which they're entitled to add a £50 cancellation fee;
- Compensate Mr T for the inconvenience and upset he's been caused. I assessed suitable compensation at £100.

I invited both parties to send me any further information or comments they'd like me to consider. Neither party responded.

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 I haven't received any further information or comments in response to my provisional findings, I see no reason to depart from them.

My final decision

For the reasons set out in my provisional decision, I uphold this complaint and direct Royal & Sun Alliance Insurance Plc to:

- Recalculate their final invoice to Mr T, based on a period of cover from 28 September - 17 November 2020 with zero NCB, to which they're entitled to add a £50 cancellation fee;
- Compensate Mr T for the inconvenience and upset he's been caused. I've assessed suitable compensation at £100.

As there's an outstanding balance on Mr T's account, the business would be entitled to offset compensation they owe to him against that debt. It would therefore seem sensible for them to reduce their final invoice to Mr T by £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 11 January 2022.

Corinne Brown
Ombudsman