

The complaint

A company, which I'll refer to as T, complains that One Sure Insurance Limited (One Sure) made an error when quoting the premium for its commercial van insurance and they are now requiring T to pay an additional premium.

Mrs G, who is a director of T, brings the complaint on T's behalf.

What happened

In October 2021 Mrs G contacted One Sure to obtain a quote for a commercial van insurance policy for T. The vehicle was registered in T's name and therefore she also intended for the insurance policy to be in T's name.

During the call One Sure explained that the premium may be cheaper if Mrs G, the director, was added onto the policy and assured her that it wouldn't impact her No Claims Bonus (NCB). Mrs G therefore agreed to being added to the policy. Two named drivers were then also added on the policy, however as one of the drivers was under the age of 25, One Sure said the premium would be very high. They therefore advised Mrs G to transfer her NCB over from her personal car insurance to reduce the premium. One Sure also offered to protect the NCB so it wasn't impacted by claims made by the two named drivers. Mrs G was given a quote and a payment was taken by One Sure. One Sure then contacted Mrs G again and said she could mirror her NCB and effectively get the policy cheaper, so Mrs G says she agreed.

One Sure had confirmed with the insurer that it was ok to either mirror the NCB or transfer it from Mrs G's personal policy to the van insurance policy.

In February 2022 One Sure contacted Mrs G requesting proof of her earned NCB. Mrs G said as the policy was midterm, she could only provide the insurance certificate for proof. Her understanding at this point was that the NCB was being mirrored from her personal car insurance. One Sure sent the certificate to the insurer and in their correspondence said this was proof of the mirrored NCB. The insurer informed One Sure that the nine years mirrored NCB proof had been received and accepted however the nine years actual NCB hadn't been received.

Later that month, Mrs G received correspondence stating there was an overdue amount on the insurance policy for the sum of £6,072.04. The premium increase was unexpected by Mrs G and so she contacted One Sure about it. One Sure offered a suggestion to rectify the problem – they said if Mrs G cancelled the NCB on her personal car policy and transferred it over to the van insurance policy that would reduce the premium. One Sure assured Mrs G that they would arrange a refund of premium for around £800 by moving the insurance policy to another insurer. One Sure also offered to cover the increase in premium for Mrs G's personal car insurance as a result of removing the NCB.

Mrs G therefore arranged to transfer her NCB from her personal car insurance to the van insurance policy.

Having transferred her NCB, Mrs G received another phone call from One Sure informing her that the initial sale advisor made an error with the quote because he priced the policy based on nine years mirrored NCB and nine years earned NCB. This generated an incorrect quote of £3,243.18 which was paid by Mrs G in full and that's why there was an additional premium to pay for the sum of £6,072.04. Because the actual NCB had now been transferred over the outstanding balance reduced to £2,415.16. Mrs G expressed her dissatisfaction because One Sure were now saying it was unable to cover the difference on her personal insurance policy and instead of refunding £800 premium she was asked to make a further payment.

Mrs G told One Sure she wanted to cancel the policy and requested a pro rata refund. One Sure said that the insurer doesn't give a pro rata period but if she continued with the cover they would reduce the outstanding amount further and would charge an extra £1,064.25 instead of £2,415.16.

Unhappy with One Sure's response, Mrs G cancelled the insurance policy and brought the complaint to our service. Mrs G said that One Sure assured her that she could mirror her NCB from her personal car insurance onto the van insurance and the policy was accepted on this basis. She was unhappy that although One Sure had accepted they'd made an error when selling the policy, they were unable to put T in the position it would have been in had the error not happened. Although the policy has now been cancelled, she hasn't received a pro rata refund and there is still an outstanding balance to pay.

Our investigator looked into T's complaint and she thought that due to the broker's error an additional premium was raised by the insurer. She therefore said that T should be put back in the position it would have been in had the error not occurred. In order to put things right she said that One Sure should pay T the outstanding balance on the policy so it could clear it. She also recommended a pro rata refund from the date the policy was cancelled with 8% interest. She also felt it was fair for One Sure to pay £200 compensation for any inconvenience caused by this matter. She did however say that she couldn't consider any personal loss to Mrs G under her own car insurance policy as this complaint was brought to the service by T.

One Sure asked for an ombudsman's decision. In summary, they said the error was as a result of the mirrored and actual NCB remaining on the quote. One Sure say they offered to reduce the outstanding balance to zero however it wasn't accepted by Mrs G and therefore they withdrew their offer. They feel that they took the right steps to put things right and don't feel that it's fair they should have to take any further action to resolve this matter.

Having reviewed the file, I contacted both parties through the investigator to let them know that the investigator said in her view that she thought the error with the NCB was as a result of it not being allowed on the policy due to a different named driver. I explained in my email that based on the evidence I had seen; I didn't think that was the error which occurred. I was satisfied that the error was due to One Sure leaving two sets of NCB for nine years on the quote (mirrored and actual).

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've also listened to the calls between Mrs G, One Sure and the insurer. Having done so, I'm upholding this complaint. I'll explain why.

Mrs G thinks that One Sure has acted unfairly by requesting additional premiums even

though it was One Sure's error which led to the additional premium being raised by the insurer. She is also unhappy with the service provided by One Sure because they have given her conflicting information on how to rectify the issue which has been to the detriment of not only T but also Mrs G in personal capacity. One Sure also made an offer to reduce the outstanding balance but then retracted it because Mrs G complained to our service.

I'm considering this complaint against One Sure, the broker of the policy, so I am only considering its actions in relation to the matter and any loss caused as a result their action. That means I'll consider if it met its obligations as a broker. I therefore haven't considered whether the level of premium increase is correct because that responsibility lies with the insurer.

The crux of the dispute in this case is about the error with the NCB when pricing the policy and also the service received thereafter.

During the sale of this insurance policy, One Sure were acting in their capacity as the insurance intermediary between T and the insurer. They were therefore responsible for the sale but not the provision of the insurance cover T had taken out. The key facts documents confirm that this was an advised sale. This means, under the Financial Conduct Authority's (FCA) Insurance Conduct of Business regulations (ICOBS), One Sure had a responsibility to take reasonable steps to ensure the suitability of their advice. They also had a general duty to provide appropriate information that is clear and not misleading to enable T to make an informed decision about the policy.

Part of T's complaint is about the financial impact Mrs G encountered as a result of removing the NCB from her personal car insurance policy. As the investigator has explained, the eligible complainant under this case is T and therefore I won't be able to consider any losses incurred by Mrs G in her personal capacity. I know this will be disappointing for Mrs G but I hope she understands why I won't be able to consider her personal loss under this complaint.

The sale call

I've started by considering the information provided by One Sure when Mrs G called to take out the insurance policy, this includes the telephone recordings we have been provided with.

In One Sure's submission to us, they have said the following:

"On the 28th January the Company responded email attached they informed us the following:

I can confirm the mirror NCD proof was received and accepted. The proof of earned NCD was never received and therefore it was removed and an AP applied.

This then confirmed to us there was an error at POS which resulted in us reviewing the file. We listened to the VRS and at POS the Sales Advisor had a discussion with the Policy holder to say that if she transferred her car NCB into the Company name she could then USE it on this policy. (actual bonus)

The payment was taken and cover advised.

1 hour later the same Sales Advisor called the client back to say he had managed to get the policy cheaper effectively mirroring the bonus and this is where the error occurred as the policy was set up as mirrored bonus and the original quote for actual NCB was left in causing the mistake. I.e. it was set up on 9 years mirrored and 9 years actual bonus and as

I'm sure your aware its not possible to have both."

The phone call where Mrs G was told by the sales advisor that he got the policy cheaper effectively mirroring her NCB has not been provided. So, while I haven't had a chance to listen to this recording, based on what One Sure have told us in their submission, and what Mrs G said about what happened, I'm satisfied that this conversation did take place.

Mrs G was therefore told that she could transfer her NCB over into the company's name and used against this policy to reduce the premium and then once payment was taken she was told that One Sure was able to mirror her NCB instead. I'm satisfied that Mrs B was given conflicting information which wasn't clear and I can see why Mrs B was only expecting to mirror her NCB.

NCB error

I have seen an email from the insurer confirming the mirrored NCB proof was received and accepted however the proof of earned NCB wasn't received which is why the premium increased. This has also been accepted by One Sure in its submission to this service. I'm therefore satisfied that it was as a result of One Sure's error during the sale of the policy that the premium increased.

When One Sure called Mrs G to rectify the error they told her that if she now transferred her NCB over to the company and used it against this policy she wouldn't need to pay the additional premium of £6,072.04 and instead One Sure will then move T's policy to another insurer and will be able to refund around £800 of the premium she had already paid. Mrs G therefore acted on One Sure's advice to mitigate any losses.

Mrs G was later told this wasn't correct and the sales advisor made another error. Mrs G had already transferred her NCB.

One Sure's duty under ICOBS

As I've explained above, One Sure sold this policy on an advised basis and therefore under ICOBS they had a responsibility to ensure the suitability of their advice. And a general duty to provide information that is clear and not misleading to enable T to make an informed decision about the policy.

It's not in dispute that an error was made by One Sure during the sale of the policy and this error caused the premium on the policy to increase extortionately. From what I've seen I don't think One Sure took enough care to prevent the error from occurring, I say this because they should have realised that they inputted two separate NCB when it was apparent from their conversation with Mrs G that only one existed. They should have taken more care to ensure the quote they were generating was correct.

Also, when trying to rectify the first error, One Sure misadvised Mrs G again. It told Mrs G that she wouldn't have to pay any additional premium and would give her a refund of £800 by moving to a new insurer. One Sure later said this was not correct and the sales advisor made an error.

Taking all the circumstances into consideration, I'm not satisfied that One Sure ensured the suitability of their advice or gave information which was clear and not misleading to Mrs G. As a result, Mrs G was unable to make an informed decision about the insurance policy.

Would Mrs G have taken out the policy had the correct premium been generated from the outset?

From the phone recordings I have listened to I am satisfied that Mrs G was very clear from the beginning that she didn't want to transfer her NCB. Had it not been for One Sure's initial error, I'm persuaded that Mrs G wouldn't have transferred it. I also think that Mrs G made it clear from the first phone call that the price of the policy was important to her and she told One Sure how much she was currently paying for other similar insurance policies. From the evidence I have seen, I'm satisfied that she wouldn't have taken out the policy had she been given the correct premium.

This is further supported by the fact that Mrs G has provided evidence of her current insurance policy for the same cover and it is cheaper than One Sure's initial quote and she hasn't used her NCB to obtain any further discounts. I'm therefore satisfied that she would have shopped around for alternative cover.

Putting things right

Taking all the above into consideration, I'm not satisfied that One Sure have done enough to put things right. The fair and reasonable thing to do here would be to put T back in the position it would have been had the error not occurred. I also need to take into consideration that T did benefit from almost five months on cover and it should pay for this.

As I've explained above, I'm persuaded that T wouldn't have taken out this policy if it had been given the correct premium from the beginning and therefore it was reasonable for it to cancel the policy when it did. I agree with the investigator that T should only pay for the pro rata cost of the insurance policy on the original quote it was given of £3,243.18. One Sure should therefore calculate the pro rata cost of the policy for five-months and refund the difference. Any refund should be made with 8% simple interest from the date of the policy cancellation to the date of payment.

One Sure has told out service there is an outstanding balance on the policy for £1,301.71. Therefore, One Sure should write off this amount to clear the outstanding debt.

I think this matter also caused T some inconvenience and therefore One Sure should pay T £200 in compensation.

My final decision

My final decision is that I uphold this complaint.

I know require One Sure Insurance Limited to take the following action:

- Issue a pro rata refund for the remaining seven months of cover, calculated on the original quote of £3,243.18. Pay 8% simple interest on the sums refunded from the date of the policy cancellation to the date of payment.
- Clear the outstanding balance of £1,301.71.
- Pay £200 compensation for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 28 April 2023.

Ankita Patel
Ombudsman