

The complaint

Mr S complains about WDP Insurance Limited (WDP) who cancelled his policy following a claim under his gadget insurance.

What happened

Mr S contacted WDP to make a claim as his phone was stolen. Mr S was asked to complete a claims form, which he wasn't happy to do, as he said this caused him stress. He explained to WDP that he wasn't in the best of health, so this made things worse.

WDP acknowledged Mr S' vulnerabilities. But he complained about the way WDP handled his claim. Mr S said that there were delays, poor service and that he felt that WDP had discriminated against him. Mr S said this was because, although WDP accepted his claim and settled it in full, he felt the reason for it doing so was unfair. He said that WDP had told him that he hadn't a valid claim and that it cancelled his policy. He further explained that the reason WDP had paid the claim in full, was due to his ill health, which he felt was unfair.

In its final response, WDP confirmed that it had cancelled Mr S' policy. It confirmed that it didn't think his claim was valid. But accepted that it hadn't called Mr S back when it said it would and offered him £25 compensation for the trouble and upset caused. Mr S wasn't happy with this outcome and referred his complaint to our service.

One of our investigators considered the complaint and thought it should be upheld. She said that WDP hadn't followed the policy terms and conditions, as one of the terms was that it had to give Mr S 30 days-notice of cancellation. She also felt that Mr S did have a valid claim regarding the theft of the phone, which was a peril listed within the policy. So, she recommended that WDP pay Mr S a further £175 (£200 in total) compensation for the errors that WDP made.

Mr S accepted the view, WDP did not. It said that it had paid the claim in full due to Mr S' vulnerabilities as it didn't want to extend the claim and put added stress on Mr S. It said as to the cancellation, it was entitled to cancel the policy as it wasn't economically viable for the policy to continue.

It also pointed out the fact that Mr S had not only received an indemnity of the premium payments from his bank – in other words, he had received refunds of the premiums paid (a total of £28). But it had paid compensation for the poor service and paid the claim in full, plus Mr S had initiated court proceedings against them. It also pointed out that Mr S had told them that there was a disposal order in place. Which was an order where the person who stole the phone, would have to pay Mr S the monetary value of the phone. So, it asked for a decision from an ombudsman, as it felt it had been fair.

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 considered the complaint and I thought the complaint should be upheld. I issued a provisional decision on 24 November 2022 and asked both parties to send me anything else by 22 December 2022. In my provisional decision I said:

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of the complaint.

Having done so, I'm minded to uphold this complaint, but for slightly different reasons to our investigator. I understand that this is likely to be a disappointment to Mr S, but I hope my provisional findings explain why I think this is fair.

I note that Mr S has made a number of detailed points, which I have read and considered. I hope the fact that I don't respond in similar detail here won't be taken as a discourtesy. As an informal dispute resolution service, we are tasked with reaching a fair and reasonable conclusion with the minimum of formality. In doing so, it isn't necessary for me to respond to every point made, but to concentrate on the crux of the issue. We are also tasked with looking at all the evidence from both parties impartially.

Mr S held a gadget insurance policy with WDP. He made a claim following the theft of his phone. From the evidence presented to me, I think the main issues of this complaint are: whether WDP had made an error in concluding that the claim wasn't a valid one, whether WDP followed the policy terms and conditions relating to the 30 day cancellation notice. And finally, whether the £25 compensation offered for the errors was fair.

I have reviewed the policy terms and conditions to see what the obligations were for each party. Mr S said that he was made to feel discriminated against, as WDP told him that his claim wasn't a valid one. Under the terms of the policy, there are two options of cover, the damage only cover, and the full cover. The full protection contains cover for damage, theft and loss.

Mr S said that his phone was stolen. He also provided some evidence from the police that supported this. And this information was forwarded to WDP. WDP said that the claim wasn't a valid one. But as WDP has given no reason why it said that the claim isn't valid. As theft is a peril that is covered under the policy and Mr S has said that the phone was stolen and provided some evidence in support, I'm satisfied that the claim itself was a valid one. And I think that WDP were unfair to deem it as not a valid claim.

I have next considered whether WDP followed the policy terms and conditions when it cancelled Mr S' cover. It said that one of the reasons it cancelled Mr S' insurance was because it had become uneconomic for it to continue to provide cover. And because of this, it cancelled Mr S' policy.

The policy provides different circumstances when WDP can cancel a policyholders policy. I think the relevant section of the policy says: 'We may cancel your policy if it is no longer economically viable to provide this product'. WDP said that during the claims process it became uneconomically viable to continue to provide cover for Mr S and it was on this basis that it cancelled the policy.

Whilst I accept that there was a condition of the policy that WDP could rely upon to cancel Mr S' policy, there is a second condition that I think must be met. This condition relates to the notice period that WDP must give to Mr S, if it wishes to cancel the policy. 'If we cancel your policy or make any changes...we'll give you at least 30 days' notice.' In WDP's final

response to Mr S' complaint, it said; 'we are no longer able to provide you with cover and your insurance is now cancelled.'

It also said that it had verbally told Mr S before the issue of its final response, that it was cancelling his policy. Despite this, I'm not satisfied that WDP had complied with the policy condition of giving Mr S 'at least 30 days' notice'. It hasn't provided me with evidence that shows that it followed this part of the policy term. And Mr S said that he wasn't given the requisite notice period. So, currently, I'm satisfied that WDP didn't comply with the policy terms, when it chose to cancel Mr S' cover without giving him the 30-day notice period.

WDP said that it offered Mr S £25 compensation for the error of failing to call him back. Whilst I think that this was fair, I don't think there was any compensation for the other errors. Those errors being that it said that the claim wasn't a valid one and it failed to give Mr S' 30 days-notice. So, I think it's fair and reasonable that WDP recognise those errors.

I'm pleased to see that it had apologised for some of the poor service. It has also settled the claim in full. It said it did this, as it had taken into consideration Mr S' personal vulnerabilities and that it didn't want to add further to Mr S' stress, which I think is fair and reasonable.

But I must consider what the impact these errors had on Mr S, to assess what is a fair and reasonable level of compensation. WDP said that it hadn't included the claim on the claims and underwriting exchange (CUE). It said that it had taken into consideration Mr S' vulnerabilities and how the regulators advised how to deal with policyholders who are vulnerable.

Mr S said that he felt upset, frustrated and discriminated against. He said that he wanted WDP to accept that the claim was valid and not just settle the claim due to his vulnerabilities. Our approach is, were there has been small errors that have caused some distress and the impact is minimal, an apology and a small monetary amount, is usually enough to remedy the errors.

I have taken into account that WDP settled the claim in full. I have also taken into account that WDP initially offered £25 and apologised. I have also taken into account that Mr S accepted that he had obtained a full indemnity of all the premiums paid on the policy which was £28, This meant that he has obtained both the benefit of the policy as well as a refund of the premiums he paid. In the circumstances, I think it is fair and reasonable that WDP pay further compensation of £50 (a total of £75) as this recognises the errors that WDP made during the claim process.

Although I understand that this won't be the outcome that Mr S would've liked but, currently, I intend to direct WDP as indicated below.

Responses to my provisional decision

Mr S acknowledged that he had received my provisional decision.

WDP commented as follows:

- Mr S' claim wasn't valid as its terms and conditions were unable to cover every single edge case possible.
- Mr S was being paid for the value of his stolen device and as Mr S didn't suffer a loss. Under general insurance law he is precluded from double recovery for the loss.
- Mr S, was pestering and harassing our staff and company, making threats, and causing trouble – on a policy he voided by fraudulently claiming the premiums were

taken from him the only error was one missed call-back. And for this error, the recommendation is to pay a total of £75 compensation.

- Mr S can't complain about the cancellation of a policy that he fraudulently voided himself by reclaiming the premiums from his bank.
- It didn't rely on the terms and conditions to cancel the policy as the circumstances in which it gives 30 days-notice, didn't cover this cancellation. And it could cancel policies on the basis of a customer's behaviour. It deemed Mr S a vexatious consumer and as such it had every right to cease its relationship with him.

I have carefully considered the comments made by WDP and although I've taken into consideration the goodwill gesture that WDP made by settling Mr S' claim in full. From the comments I think WDP have not been fair in their reasoning as to why the claim wasn't valid.

From what WDP has said, it asserts that Mr S had been paid out twice for the theft of his phone. The first time via the legal/police route and in particular the disposal order. But Mr S provided evidence that he did not receive any payments via the disposal order. Further, WDP hasn't provided any information that shows that Mr S received any additional payment. And although it said that Mr S didn't suffer any loss, given that there is no evidence to show that he had received double recovery, I don't agree that Mr S didn't suffer any loss for the theft of his phone.

WDP said that Mr S could not complain about a cancelled policy, when he voided his policy fraudulently by reclaiming the premiums paid to his bank. I have looked at the timeline regarding this. Briefly, WDP cancelled the policy on 28 February 2022. It wasn't until around a month later that Mr S reclaimed the premiums from his bank.

I asked Mr S why he reclaimed the premiums and he said that this was because of the way the WDP had treated him during the claims process. What is of note is that it was WDP who cancelled his policy, before Mr S reclaimed the premiums from his bank. So, I don't agree that Mr S fraudulently claimed the premiums were taken from him. WDP has not previously raised this directly with Mr S. Nor did it use this (or fraud) as a basis of why it cancelled his policy. So, I don't think it's fair for it to rely on this as a reason now, why it cancelled Mr S policy.

WDP accepted that it didn't rely on the policy terms and conditions for a reason why it cancelled the policy. And it said the circumstances hadn't arisen for the 30-day notice period to be triggered. I have reviewed the policy terms and conditions and it provides: *'If we cancel your policy or make a change that increases any charges or reduces your cover, we'll give you at least 30 days' notice sent to the current contact details we have for you and you will be able to cancel your policy if you are not happy with our changes.'*

As WDP has accepted that it didn't follow its own policy terms and conditions and didn't provide any evidence to show that it complied with this term, I'm satisfied that it chose to cancel Mr S' policy without the requisite notice period. I also note that there is no wording that indicates that there are certain circumstances when a notice period is disapplied. So, if WDP are now saying that the policy terms and conditions are incorrect, then it is up to it, to change or amend the policy to make this clear. Consequently, I don't think it's reasonable for WDP to disapply the policy terms and conditions.

Our approach is that when there have been errors that have caused a consumer minimal impact, which is what I think has happened here, we would think that an apology and small monetary award is appropriate.

Taking all of this evidence into consideration, I think WDP did not comply with the policy terms and conditions, regarding the notice period. There was poor service during the claims

process. And in its final response there was no mention of Mr S being vexatious or fraudulent, as a reason why it cancelled the policy. Because of those errors, I think it is fair and reasonable that WDP recognise the impact this caused on Mr S. To be fair to both parties, I'm satisfied that WDP ought to increase its offer of compensation to a total of £75.

Putting things right

To put matters right, I direct WDP as below.

My final decision

For the reasons given above, my final decision is that, I uphold Mr S's complaint.

WDP Insurance Limited must pay Mr S a total of £75 compensation for the trouble and upset caused.

WDP Insurance Limited must pay the above amount within 28 days of the date on which we tell it Mr S accepts my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

If WDP Insurance Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr S how much it's taken off. It should also give Mr S a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 3 February 2023.

Ayisha Savage
Ombudsman