

The complaint

Ms P has complained about her car insurance broker, Carol Nash Insurance Consultants Ltd regarding how it handled her newly arranged policy, ultimately causing it to cancel.

Ms P has sometimes been represented by Mr B. In the main though, as Ms P is the policyholder and complainant, I'll refer only to her.

What happened

Ms P was looking to change insurer in May 2022. This wasn't long after she'd been involved in an accident which was not her fault. Her broker, CN, asked her for various validation information such as her and Mr B's driving licence records. But CN then became aware that whilst Ms P had told it of the non-fault accident, this was showing as a 'fault' accident on the industry database. It told Ms P that an extra premium of around £45.00 would have to be charged. Ms P asked for time to make enquiries with the insurer that was handling the claim.

Ms P then sent CN details from the claim insurer but CN felt that wasn't enough. Ms P paid the extra premium and asked CN, if further detail was provided from the claim insurer, would that be enough and nothing else would be needed. CN said that was correct. Following further detail being received CN then refunded the additional premium. But it then asked Ms P for the other details it had requested previously. On 20 July CN said it would cancel the policy on 29 July if details weren't received. Ms P was perturbed by this but did provide the information. However, the policy was cancelled, confirmed by CN in a letter sent to Ms P's home. Ms P was on a driving holiday at the time though and only found the letter upon her return. She complained to CN.

CN felt it had adequately informed Ms P that the policy might and then did cancel. But it also accepted that the cancellation – instructed by the insurer because validation details hadn't been received – had occurred because it had erroneously thought certain validation documents were outstanding. It corrected that with the insurer and the insurer agreed to reinstate cover but wouldn't backdate it. CN said it would pay Ms P £100 for the upset caused. It also said if there was any incident whilst the policy was cancelled, it would look to cover that itself via its own insurers, and/or liaise with the police if necessary.

Ms P was unhappy with CN. She felt very upset by everything that had happened, and believed the cancellation stemmed back to the issue of the claim. Ms P felt CN's communication had been poor – not even confirming cancellation by email, but also constantly threatening cancellation whilst being vague about what information was felt to still be outstanding. She noted she'd incurred costs for a missed course and counselling too.

Ms P complained to the Financial Ombudsman Service. When our Investigator contacted CN, it acknowledged its communication had been poor, it said it would pay a further £200 compensation and confirmed it had since allowed Ms P to cancel the policy without charge (normally £115). It said it would also consider paying the cost of the course Ms P missed but felt it wasn't liable for her counselling. Ms P forwarded detail of the course to CN.

Our Investigator felt CN had failed Ms P. But that its updated offer was fair and reasonable.

Ms P said it was inconceivable that the policy was cancelled without certain contact being made with her – anything could have happened. She explained that the date is incorrect on the receipt for the course she missed. Ms P said if CN could just agree to pay for the course and her counselling to date, totalling £670, plus an amount for upset, she could draw a line under everything and move on. Her complaint was passed for an Ombudsman's 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.

I totally understand why Ms P became so frustrated with CN and was so disappointed with it. Having seen the correspondence which occurred I think CN failed to manage the situation properly and it even misled Ms P at times. I think that was only due to a misunderstanding on CN's part. But it wasn't unreasonable for Ms P to rely on what CN told her. So, for example, when CN very clearly assured her that she did not need to provide anything else once the claim issue was resolved, Ms P relied on that. However, that assurance was really only limited to the claim issue – the validation documents were, at that time, outstanding and still required. So when CN resumed asking for those, that caused upset and confusion for Ms P.

It was a further mistake over the validation documents which caused the policy to be cancelled though – the cancellation didn't occur on account of the previous claim or that insurer's actions in respect of that. CN did have concerns about the claim and that did generate the need for Ms P to go to extra effort with that insurer to assuage CN's concerns and maintain the original premium price. But CN's enquiries in this respect were reasonable. And it did accept the claim situation, refunding the additional premium Ms P had paid it in connection with that. CN's activity then moved on to refocus on the validation documents it had asked Ms P to provide, some of which were still outstanding. And whilst everything was then provided – CN didn't find everything and thought some hadn't been provided. Its final response explains that some ended up in different areas of the business, meaning it had missed them.

I appreciate that when Ms P found out that her policy had been cancelled several days before, she was worried. Not only about what would happen going forward, but also about what might have happened had an accident occurred or the police had stopped her whilst driving without insurance. Thankfully though, nothing serious had happened during the period the policy was cancelled, and it was reinstated about a week later. CN also agreed, in its final response, that it would look to assist Ms P with any claim had there been one whilst she was without cover. Of course, getting the policy reinstated did not occur without effort and worry being expended on Ms P's part. All of which could have been avoided if CN had managed the provision of documents better.

CN facilitated the reinstatement of cover. But it couldn't make the insurer do that for any specific date. CN also explained in its final response letter that the policy had been cancelled because it had failed to note detail which had been sent to it. If Ms P wants to show any future insurers that this cancellation was not her fault, she can use the final response letter to do that. I think the final response, teamed with CN's revised view on its communication during this episode, does show that it's accepted it failed Ms P.

In total CN has offered £300 compensation and has agreed to consider the cost of the missed course. I know Ms P underwent counselling but the main reason for that was the accident which occurred before CN began managing Ms P's insurance needs. Whilst I understand that the added stress of the policy cancellation would not have helped, I think

CN's view that it isn't responsible for this cost is fair and reasonable. I think it offering to agree the cost of the missed course is fair of it. So I won't say anything more about that here. I think the total of £300 compensation is also fair and reasonable. It reflects, in my view, that Ms P was caused quite a lot of upset by CN over a fairly limited period, including knowingly being without insurance for around a week.

Putting things right

I require CN to:

- Consider reimbursing Ms P the cost of the missed course.
- Pay Ms P £300 compensation.

My final decision

I uphold this complaint. I require Carol Nash Insurance Consultants Ltd to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 15 June 2023.

Fiona Robinson
Ombudsman