

The complaint

Mr B says after his commercial car insurance policy with Wakam was cancelled, its advisor told him it was still in place, leading to financial loss for him.

What happened

When Mr B made a windscreen claim on 4 October 2022, his policy was cancelled in error by Wakam and it charged him an £85 cancellation fee. Mr B queried it and he says an advisor told him the policy would be in place for another 24 hours. Mr B called Wakam again later that day. He says another advisor said the cancellation was being investigated and nothing could be done to resolve the issue until the next day, when he'd be contacted at 9am. Mr B said he had to go to work at 7am or he'd lose his job.

The next morning, Mr B was in his car when he was stopped for driving without insurance. His car was seized, and the police told him he'd need new insurance in order to get it back. Wakam set up a new policy for Mr B later that day and it paid the £246 deposit, given its error. But Mr B had to pay £150 to get the car back, plus £374 for a short-term insurance policy. He said he'd get six points on his licence. Wakam said its advisors had told Mr B his policy ended on 4 October 2022, so he shouldn't have been driving the next day uninsured.

One of our investigators reviewed Mr B's complaint. He agreed that Mr B *wasn't* told by Wakam's advisors on 4 October 2022 that he had 24 hours cover left on the policy. Given its error, he thought Wakam should refund the cancellation charge, remove any record of the cancellation, and provide a letter to Mr B stating that the policy had been cancelled in error. He also said it should pay him £150 for distress and inconvenience - plus the difference in premium between the short-term policy and Wakam's new policy. He didn't think Mr B knew when he bought that policy that Wakam's new policy would be in place the same day.

As there was no agreement, the complaint was passed to me for review. I issued a provisional decision, in which I said I'd listened to the call recordings from 4 October 2022, which showed Mr B was told several times that the policy ended at 11.59pm that day. I noted that Mr B asked if he could drive the car to work the next day and the advisor said he couldn't. Mr B also asked if Wakam could give him cover for 24 hours, but the advisor said there was no way around the cancellation until it was investigated further the next day.

I said that in my opinion, as Wakam's advisors had made it very clear to Mr B that his insurance cover ended on 4 October 2022, it was fair for it to say that he shouldn't have been driving his car on 5 October 2022. I said had Mr B not driven the car without insurance in place, he wouldn't have been stopped by the police, his car wouldn't have been seized and he wouldn't have had to pay for getting it back. I said as I didn't think Wakam was to blame for the events on 5 October 2022 it shouldn't have to pay any of the costs incurred.

I noted that Wakam had called Mr B at 10am on 5 October 2022 (which would have been after he left for work in the uninsured car) and that he spoke to one of its managers later that morning, when a new policy with Wakam was set up (starting at 12.17pm).

I also noted that the short-term policy didn't take effect until 6 October 2022 at 1pm, more

than 24 hours after Wakam's new policy was in place. I said it wasn't clear why Mr B didn't call the broker to stop that policy being set up as soon as he got new cover from Wakam. I also said there would have been no reason for Mr B to have had to consider setting up a short-term policy had he not driven his car after Wakam told him his policy was cancelled.

I said I could see why Mr B was distressed about the cancellation. As he'd done nothing wrong, he was upset and confused by it. And even if he hadn't driven uninsured, he'd still have been inconvenienced by Wakam's error. Consequently I thought it should pay him £150 compensation for distress and inconvenience.

Wakam's manager told Mr B on 5 October 2022 that he'd email Mr B a letter for the police stating that the policy was cancelled in error. I said that should assist him in avoiding points on his licence (although if he hadn't driven uninsured, he wouldn't have faced that penalty). I said the letter would also help Mr B when buying future insurance. And I said I thought providing the letter, refunding the cancellation charge and removing any record of the cancellation would put Mr B back in the position he was in before Wakam's error.

I asked the parties to comment on my provisional findings. Wakam accepted them. Mr B said he'd been told by Wakam that he could drive from 9am on 5 October 2022.

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 clear from the call recordings that Wakam's advisors told Mr B he couldn't drive the car after 11.59pm on 4 October 2022. Mr B's further comment conflicts with the evidence, so it doesn't affect the findings I set out in my provisional decision.

My final decision

My final decision is that I uphold this complaint in part. I require Wakam to refund the cancellation charge, remove any record of the cancellation, provide a letter to Mr B to say the policy was cancelled in error and pay him £150 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 June 2023.

Susan Ewins

Ombudsman