DRN-4138858

The complaint

Ms S has complained about her motor insurance broker Wesleyan Assurance Society; she feels it misled her about the appropriateness of cover, which caused her a financial loss.

What happened

Ms S arranged a multi-car cover via Wesleyan in 2012 for three family vehicles. The policy renewed yearly after that until 2021, although one car had been removed from cover in 2016. In 2021 Ms S noted the cost of cover was high, compared to the market value of the remaining cars. She made enquiries, found cover at a lower price for the cars elsewhere (at a saving of £641), didn't renew with Wesleyan and complained.

Wesleyan noted that its team dealing with multi-car policies doesn't have access to its full panel of insurers that deal with single car policies. But also that Ms S had never told it that a multi-car policy was not suitable for her, in fact she had accepted each renewal. Further that it had been providing advice since 2017 about the price of renewal, including that Ms S could shop around (in line with regulatory requirements). So it felt it had acted fairly and reasonably. Ms S complained to the Financial Ombudsman Service.

Our Investigator noted that the policy documents presented to Ms S by Wesleyan had indicated it was recommending the cover to her. He noted that it had been aware that its search of the market for suitable cover had been restricted – but that Ms S hadn't been informed of that – not until after she had highlighted her concerns about the cost of cover. He concluded that should've been made clearer to her earlier, and that, if it had been, she'd most likely have shopped around in 2016, finding cover at a lower cost, when the number of cars requiring cover reduced. Our investigator felt Ms S should be compensated and that a fair way to do that would be to express the £641 saving as a percentage of the premium for Wesleyan's proposed 2021 renewal, and apply that percentage to the premiums for cover from 2016 onwards, refunding the corresponding cost amount to Ms S. He said he hadn't seen any distress or inconvenience caused to Ms S, so wasn't minded to make a compensation award in this respect.

Wesleyan said it did not agree with the findings. It said:

- The product sold to Ms S was based on the demands and needs at the time the policy was taken out, so the policy was suitable to her.
- In 2016 when one car was removed, Ms S said that she would possibly be looking to add another car at a later stage – the advice at the time was to stay on a multi-car policy.
- Ms S never suggested that she wanted to reduce the levels of cover.
- In-line with requirements of the regulator (the Financial Conduct Authority, FCA), from 2017 onwards renewal documents recommended that Ms S shops around.
- There was no overcharging as it's not clear that Ms S could have got the cover at a lower cost elsewhere or through its own panel available for single car policies.
- There is no evidence that the company Ms S went to in 2021 could have provided the same level of premium savings for the previous five years. To base a premium on a value taken from a turbulent market in 2021 is not acceptable.

The complaint was passed for an Ombudsman's consideration.

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'm satisfied that Wesleyan made recommendations to Ms S as to the suitability of the cover it had found for her. I'm also satisfied that she relied on Wesleyan's expertise in this respect.

I note Wesleyan's point about regulatory requirements being adhered to since 2017. And that Ms S agreed to each renewal, never telling Wesleyan that she did not want a multi-car policy. But I feel that all misses the point that Ms S was relying on Wesleyan's expertise to recommend what was suitable for her whilst she did not know that even within its own business, a wider choice of policies with related premiums, would be available to her if single car policies were considered. I think Wesleyan prevented Ms S from making an informed choice about her cover. I'm satisfied that if she had been aware she would have asked Wesleyan to make a wider search for her, and likely looked herself at alternate cover much earlier than 2021.

Like our Investigator, I'm not minded to think Ms S would have acted differently when the policy was first sold to her. At that time she had her previous year's cover for two cars (the third being obtained around the time the multi-car policy began) to compare the proposed costs to. I think she wouldn't have accepted the cover if it had not looked like it would benefit her. But by 2016 I think Ms S would likely have lost track of what she'd been charged in 2011 by her previous insurers and she also reduced the number of cars she owned (from 3 to 2). I think that when the number of cars on cover was reduced, if Wesleyan had told Ms S that it was seeking multi-car policies from a restricted panel – where she'd have more to choose from if she looked at single car policies – she'd likely have opted to do so.

I accept that it can't be known for sure that Ms S could have found cover at a lower cost in 2016, then up to and including 2020. But she has shown that was the case for 2021. The market in 2021 was somewhat disrupted but I've not seen any evidence from Wesleyan demonstrating that the cost of cover fluctuated as a result, such that the price for cover in 2021 was unusually low compared to that likely available in previous years. I think it's reasonable to conclude that if Ms S had been fairly informed of the limited nature of Wesleyan's recommendations, she'd have looked for alternate cover and found lower cost policies which suited her needs.

It may well be that the prices which would have been available to Ms S in 2016 through 2020 wouldn't directly reflect the saving found in 2021. But, in the circumstance, given it isn't practically possible, at this stage, for premiums to be recalculated with any degree of accuracy over such an extended period, I think it's reasonable to use the price difference in 2021 as the baseline for guiding the redress reasonably due to Ms S. And as the exact cost of likely cover isn't known/being used, I won't require Wesleyan to add interest to any settlement paid to Ms S. I'm satisfied that reflects fair and reasonable redress for the loss Ms S likely suffered as a result of Wesleyan not treating her fairly and reasonably when arranging her renewal in the period 2016 – 2020.

I've not seen that Ms S was caused distress and/or inconvenience as a result of Wesleyan's failure to treat her fairly and reasonably. So I won't award any compensation in this respect.

Putting things right

I require Wesleyan to:

- Express the £641 saving from 2021 as a percentage of the proposed premium for the August 2021 renewal (e.g. £641 is 50% of the August 2021 premium).

- Apply this percentage to each annual premium, going back to, and including, the 2016 renewal, and refund to Ms S each cost figure generated (e.g. 50% of the 2016 premium is £x, with £x being refunded to Ms S).

My final decision

I uphold this complaint. I require Wesleyan Assurance Society 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 S to accept or reject my decision before 19 July 2023.

Fiona Robinson
Ombudsman