

The complaint

Mr F has complained that his premium didn't reduce as expected once a claim under his car insurance policy had been closed on a non-fault basis. BISL Limited is the broker responsible for arranging the policy.

What happened

Mr F renewed his car insurance policy through a broker, BISL in November 2021. In March 2022 Mr F was unfortunately involved in an incident with another driver. He reported the incident to his insurer and they set up a claim.

In October 2022 Mr F's policy was due to be renewed, and on receipt of the renewal invite, he contacted his broker BISL to discuss the premium which was much higher. As there was an open claim, BISL said this may have an impact on his premium.

BISL contacted the insurer for an update on the claim. The insurer told BISL the claim was still open.

Mr F renewed his policy through BISL. In January 2023 Mr F contacted BISL and said the insurer had closed the claim. As BISL needed confirmation of this from the insurer before updating its records, it contacted the insurer. The insurer confirmed the claim had been settled as a non-fault.

Mr F complained to BISL as he expected a reduction in the renewal premium he'd paid. But BISL didn't uphold his complaint. So Mr F asked us to look at his complaint.

BISL said that on reflection it hadn't done enough to correct its records and said it should have provided Mr F with a refund for the change in claim outcome.

BISL offered to provide the refund in premium with interest - and to pay £75 compensation to Mr F for the distress and inconvenience caused.

The Investigator put BISL's offer to Mr F. He rejected it.

Mr F said he was unhappy with the length of time it had taken for the claim to be settled - and he didn't agree the premium reduction was enough.

Our Investigator thought BISL had done enough to resolve the complaint. He explained that the premium price - and how a claim is dealt with - are complaints the insurer needs to address - and so Mr F would need to raise a separate complaint against the insurer.

Mr F didn't agree. He says his relationship is with BISL, not the insurer.

So the case has been passed to me to decide.

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.

BISL in its role as a broker is responsible for arranging a policy and the administration of it. An insurer sets the price for the premium a customer pays and deals with any claims made against the policy. This was explained by BISL in his renewal invite for November 2022:

“When you purchase an insurance policy through us you will enter into separate contracts. The first contract is with the insurer providing your insurance and full details of your policy are set out in your Welcome Pack once you have renewed.

The second separate contract is with us for arranging and administering your insurance policy.”

I understand Mr F doesn't agree. But for these reasons I can only consider his complaints against BISL. Mr F is free to raise a complaint against the insurer if he believes the price he was charged - and the amount of refund he received - is unfair. And if he remains unhappy with the handling of the claim, this is also a complaint he needs to raise against the insurer.

When Mr F contacted BISL in October 2022 about his renewal, BISL has shown that it contacted the insurer for an update on the claim - and was advised that it was still open.

Mr F contacted BISL again in January 2023 to tell it that the claim had been closed. BISL says that on reflection it should have chased the insurer since October 2022 for an update on the claim. And when the insurer confirmed the claim had been closed on a non-fault basis in January 2023, it should have made further enquiries about the change in premium and provided a refund to Mr F then. But in February 2023 BISL didn't uphold Mr F's complaint - and I think this was unfair.

As BISL arranged for the pro-rata refund of premium, it should have been more proactive with the insurer in finding out when it closed the claim so that was done at the time. However, I think for its poor service, BISL's offer to pay interest on the refund and compensation of £75 for the distress and inconvenience caused is reasonable to resolve Mr F's complaint.

As I've said, how Mr F's renewal premium was calculated, and the amount it decreased by when the claim was closed, is not a complaint BISL can answer as it isn't the insurer. So Mr F will need to contact the insurer about that.

My final decision

For the reasons I've given above, my final decision is that I uphold this complaint. I require BISL Limited to pay interest on the refund of premium following the close of the open claim - and to pay Mr F £75 compensation for the distress and inconvenience its delay caused, if it hasn't already done so.

BISL Limited must pay the compensation within 28 days of the date on which we tell it Mr F accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 7 November 2023.

Geraldine Newbold
Ombudsman