

## **The complaint**

Mr I has complained about his motor insurer Wakam because it misled him about a discount applying to his renewal premium.

## **What happened**

Mr I arranged cover via Wakam in 2022. He was told that, at renewal in 2023, if he drove well, he would receive a discount of up to 50% off the renewal premium. Wakam made further promises to that effect during the first policy year. With that even being confirmed through the course of a formal complaint to the Financial Ombudsman Service.

The policy was due to renew at the end of October 2023. On 12 October 2023 Mr I called Wakam. The renewal was discussed. Mr I was told that his renewal premium did not qualify for the discount because the policy was a “combo” one (allowing use for both private hire and social/domestic/pleasure). Mr I was unhappy. He told Wakam he was entitled, given its previous promises, which had induced him to contract with it in 2022, to 50% off his renewal premium. Wakam did not agree, issuing a final response to that effect on 24 October 2023 before the renewing policy was due to commence. But it did apologise as it accepted it had previously misinformed Mr I about the discount.

Mr I renewed the policy and complained to the Financial Ombudsman Service. He said he wanted Wakam to pay him £863.05, half the premium for the renewed policy. He said this was a financial loss he had suffered on account of Wakam’s actions.

Our Investigator noted Wakam had provided incorrect information to Mr I – that it had not even provided the correct detail during Mr I’s previous complaint to this service. But he also noted that Mr I had been made aware of Wakam’s mistake before he chose to continue with the renewing policy. Meaning that Mr I, if he was unhappy with the price Wakam had confirmed he would be charged, had had a reasonable chance to shop around. So he felt Wakam should pay Mr I £200 compensation for the loss of expectation it’s misinformation had caused him but that it wouldn’t be reasonable to make it reimburse any part of the renewal premium.

Mr I was unhappy with that outcome. Mr I said he had earned the discount by driving well and he couldn’t shop around at renewal as the opportunity to receive that earned reward would have been lost. He explained that the discount at renewal would have effectively reduced the premium paid for both years of cover. He said the promise of the discount formed part of the contract, with the policy being purchased on those terms.

The complaint was referred 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.

Having done so I can see how strongly Mr I feels about this situation. And I can understand he feels misled and frustrated. Wakam let him down, with its repeated promises over the course of a year making Mr I believe that he would receive a good benefit at renewal.

However, promises like that, whilst frustrating when they don't come true, aren't usually binding. Most insurance contracts, as was the one between Mr I and Wakam, are offered for a particular period. Whilst policies are often said to 'renew', each renewal is actually a new contract of insurance. As such no renewal, or the terms of it, is ever guaranteed by what happened in the contract for the year before. Rather both parties can put forward what they want and are free to decide whether or not to proceed.

Here, before the policy renewed, Wakam told Mr I what his renewal premium would be. It was also clear with him that no discount would be applied. Wakam also confirmed, again before the renewing policy was due to commence, that that was its final position. Mr I then went ahead with the cover anyway. I know he did that in the hopes that Wakam would change its position, and/or that this Service would make it reimburse part of the policy premium. But Wakam had set out what the contract would be, and it had been clear at that point, that no discount would apply. So Mr I wasn't forced to go ahead with the cover because not doing so would lose him the opportunity of earning the discount – Wakam had explained that opportunity was never actually available to him. As such I'm satisfied it would not be fair or reasonable to make Wakam reimburse any of the renewal premium.

But Mr I suffered a disappointment at renewal, with Wakam's misleading accounts having resulted in his frustration and a loss of expectation regarding the promised discount. With upset like that needing to be accounted for. Wakam did apologise. But I'm satisfied that £200 compensation is also fairly and reasonably due.

### **Putting things right**

I require Wakam to pay Mr I £200 compensation.

### **My final decision**

I uphold this complaint, I require Wakam to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 3 May 2024.

Fiona Robinson  
**Ombudsman**