

The complaint

Mrs H complains that Brightside Insurance Services Limited has failed to treat her fairly in relation to her commercial motor vehicle policy.

What happened

In March 2023, Mrs H took out a new commercial motor policy with Brightside acting as a broker. It sourced a policy that it believed was suitable to Mrs H's needs through its panel of insurers and Mrs H accepted this. The price of this policy was £2054.82 with a new business fee charged of £616.45. Three additional optional extra's were also taken with the policy, these being Key Cover, Excess Protection and Breakdown Cover, costing in total an additional £142.97. In total for the policy, new business fee and optional extra's Mrs H paid £2814.24.

Around four weeks after taking the policy out, Mrs H says she found a similar policy online with another provider for significantly less than she had paid for her cover. The policy with the new provider was around £480 for the year. On finding the cover for this price, Mrs H cancelled her policy purchased through Brightside.

When the policy was cancelled, Mrs H asked for a refund. She was told someone would call her to confirm the amount but this didn't happen and she needed to call back. Brightside said a refund of £1753.57 was due. This refund equated to a pro-rata refund of the premium charged for the time the policy was on risk less the cancellation fee of £90 and administration fee of £20. No refund was provided for the new business fee, Key Cover, Excess Protection or Breakdown Cover.

Mrs H complained about the refund and the service provided by Brightside when the policy was taken out. She didn't think it acted fairly when it searched the market with the price she found being so far below what it offered. And she didn't think it was fair for it to keep the new business fee and other fees not refunded when the insurance was cancelled early.

Brightside apologise for not calling Mrs H back when it said it would with the refund amount and offered £20 in recognition of this failing. But it didn't think it needed to do anything else. It said the policy it found was based on its analysis of the insurers on its panel and Mrs H's needs. The new business fee was set out in its terms of business and was non refundable if the policy was cancelled after 14 days. As Mrs H cancelled the policy after this point, it didn't need to provide a refund.

Our investigator looked at this complaint and didn't think Brightside needed to do anything else. She was satisfied it had done what it needed to when sourcing the policy. She felt the fees applied when it was cancelled were fair and inline with the policy terms and the new business fee was set out clearly from the start. She felt Mrs H was provided with the information she needed as a commercial customer to decide whether she wanted to proceed with the policy and premium of this, offered by Brightside. When this was cancelled after the 14 day cooling off period, the fee was not refundable inline with the terms and so its not acted unfairly when not returning this.

Mrs H highlighted her concern was not the overall price of the policy and how this was reached, but that Brightside had unfairly charged her for a policy that was not suitable. She feels it is only fair that Brightside refund her a proportion of the fees it charged inline with the refund she had for the policy premium as she doesn't think the panel it chooses from is fit for purpose. This is based on the prices being offered compared to what she found herself being so different in value.

Mrs H also questioned why Brightside only contacted the underwriter for the motor policy for a refund and did not request a refund from the additional policies added to hers and she asked why this didn't happen. And she said Brightside didn't bring the new business fee to her attention and in the absence of this, it wasn't treating her fairly.

Mrs H also questioned why Brightside said it was upholding her complaint when its outcome primarily defended its position beyond the acceptance of failing to make a call back.

Because Mrs H disagreed with the outcome of our investigator, she asked that the complained be referred for 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've decided not to uphold this complaint. I know Mrs H will be disappointed by this, but I'll explain why I've reached this decision.

This complaint centres around the actions of Brightside at the inception of the policy Mrs H took through it and whether it was acting fairly here and doing what it needed to. Mrs H feels it hasn't done what is needed. Despite it searching its panel of insurers and providing the best price based on this, the disparity between the prices available to it and what she found are so stark, that she feels it is acting unfairly.

I understand the concern Mrs H has raised here. She approached Brightside for assistance in sourcing a policy for her needs and one of her objectives was to find this for the best price possible. The terms of business provided to Mrs H set out what Brightside will do when looking for insurance and that it does not have access to the whole of the market, but instead focuses on a panel of insurers. The price of these insurers and whether they are or are not competitive to insurers not on the panel does not mean they provide unsuitable policies. And each insurer is entitled to decide what price it places on the risks its willing to insure. So I cannot say Brightside and its panel is not fit for purpose or that Mrs H was misled or told the whole market would have been considered.

To say Brightside hasn't done what it needed to would require me to be satisfied that it didn't search its panel of insurers and provide Mrs H the best price from this group. If this was the case, it would be reasonable to say it's not provided the service it set out it would. And as the fee is based on it providing this service, it could mean its fair to expect this to be returned.

However, I am satisfied that the price Brightside offered to Mrs H was based on the lowest price returned from its panel. So it's done what it said it would here with the service it is providing. No promise was made to say it was providing the best price from the whole of the market so I am satisfied there is no failing here.

All customers are expected to understand the service or product they are paying for, but this expectation is greater when dealing with commercial customers. I appreciate Mrs H is not a

large commercial organisation and has said she has recently started her business. But she was provided with the welcome letter which detailed the fees charged by Brightside with this confirming the following:

*“The price you have paid for your insurance cover is **£2814.24** which includes IPT as applicable and our broker fee of **£616.45**”*

I think it is clear what the charge for the service provided here was and the terms of business confirm when this charge becomes non-refundable. Mrs H accepted this cost and the cost of the insurance based on what was provided and her knowledge of the service being used.

Mrs H says she trusted the price she was provided with was a comparable price to the whole of the market for her insurance needs, so she didn't question this further at inception and accepted the policy. I understand this, but as I've said, Brightside did not check the whole of the market when offering a price to Mrs H and its terms of business make it clear how many insurers it was taking prices from. Mrs H needed to decide whether she was happy with this approach or whether to search the wider market herself when deciding whether to accept the policy and cost of it or not.

Mrs H has also questioned why she has only received a pro-rata refund for the motor insurance policy and not any of the optional extra's she took out with the policy. The terms of business provided by Brightside also deal with these fees and any refund after 14 days:

“In the event of cancellation of your main insurance policy after 14 days, any optional extras you have purchased with your insurance will be cancelled at the same time (whether or not they are included in your main policy or covered under a separate policy), and their premiums will not be refundable.”

Based on this, I don't think Brightside has acted unfairly when the refund did not include the cost of the optional extra policies Mrs H took out previously. As with the new business fee, this was a fee which became non-refundable after 14 days with this being set out within the information provided to Mrs H. Brightside is not the underwriter of these policies and Mrs H may want to seek a pro-rata refund directly from the underwriters. But I am satisfied Brightside has not done anything wrong when it hasn't provided a refund here.

Mrs H has raised concerns about the final response and whether this was mis-leading. Complaint handling is not a regulated activity so I cannot comment on the approach taken by Brightside in this. But I will comment on the other part of its response and the reason for the complaint being upheld.

When Mrs H didn't receive a call back as she was promised, there was a service failing. Brightside acknowledged this with its award of £20 and so this part of the complaint was upheld, even if the main crux of the complaint was not.

When something goes wrong there is always a level of inconvenience and it will be frustrating for Mrs H not to have received the call back when she expected. But I think this award is fair compensation for this and I don't see any reason to ask Brightside to increase this further.

Overall, I understand the concerns Mrs H has. But I've not seen anything to demonstrate Brightside has done anything wrong with the refund made based on the service it provided when sourcing her policy.

It provided Mrs H with its terms of business which explained what it was able to do when looking at insurance products for her. And this set out it was limited to its panel of insurers and a fee would be charged for this service. When the policy was sourced it told Mrs H what this fee was and this was subject to the terms of business. When Mrs H cancelled the policy after the 14-day cooling off period, the fees became non-refundable and its not acted unfairly when it hasn't provided this refund.

My final decision

For the reasons I've explained above, I don't uphold Mrs H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 7 October 2024.

Thomas Brissenden
Ombudsman