

## The complaint

Mr T has complained that BISL Limited ('BISL'), an insurance intermediary, unfairly cancelled his motor insurance policy.

## What happened

I issued a provisional decision on this complaint earlier this month and said that I was considering upholding it. An extract from that decision follows:

*"Mr T purchased a motor insurance policy through BISL which started on 9 September 2023. In October 2023 Mr T was involved in an accident and made a claim on his policy.*

*On 21 November 2023 BISL wrote to Mr T and asked him to provide it with a copy of his full V5C (vehicle registration document). The letter said Mr T could either post or email the document and provided an email address if he preferred to do the latter. The letter also said that if BISL didn't hear from Mr T within 14 days it may be instructed by the insurer to cancel or void the policy.*

*Mr T said he emailed the document over on 24 November 2023. Mr T said he received an email from BISL a few weeks later letting him know that his policy had been cancelled and that he had to pay the full premium balance. He said it eventually came to light that his email enclosing the V5C hadn't been received. Mr T said BISL told him a seven-day cancellation notice had been sent to him in the post but he said he didn't receive it. The policy was cancelled on 20 December 2023.*

*Mr T contacted BISL on 21 December 2023 and said he wasn't happy that his policy was cancelled and wanted it to be reinstated. BISL said this wasn't possible and arranged a new policy for him. Mr T said the new policy costs more than double the price of his old one due to now having to declare his cancellation to his new insurer.*

*BISL reviewed the complaint but it didn't uphold it. It said its terms and conditions say it can cancel a policy if it is not provided with information it has requested. It acknowledged that Mr T had sent the document but to the wrong email address. It said its cancellation letter was sent on 12 December 2023 and the policy was cancelled on 20 December 2023.*

*Mr T then brought his complaint to us. He said that he didn't think that critical correspondence such as a cancellation notice should only be sent in the post, especially when it's that close to the holiday period. He said he was being forced to pay the full policy balance and a cancellation fee for cover he didn't receive and also double premiums for many years due to having a cancellation on his record. He also added that his email to BISL with his V5C didn't bounce back so he didn't know it hadn't been delivered.*

*One of our investigators reviewed the complaint but he didn't think it should be upheld. He thought BISL's actions were in line with its terms and conditions. He thought it was unfortunate that Mr T's email was sent to the wrong email address but he didn't think BISL was responsible.*

*Mr T didn't agree and asked for an ombudsman's decision, so the matter was then passed to me to decide.*

### ***What I've provisionally 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's terms and conditions say that it may cancel a policy if there are serious grounds to do so such as a failure to supply requested validation documentation. BISL will provide seven days' prior written notice to its customer's last known address. If a claim has been made, as was the case here, no refund of premium will be given and all premiums will be due.*

*Mr T has shown us that he emailed his V5C over to an email address he believed belonged to BISL on 24 November 2023. I have looked at BISL's 21 November 2023 letter and I can see that the email address it provided to Mr T in that letter was slightly different to the address Mr T used. So Mr T typed the email address very slightly wrong which meant the email wasn't delivered to BISL. I think this was a genuine mistake. Nevertheless, I agree that this error wasn't down to BISL.*

*BISL wrote to Mr T on 11 December 2023 to give him formal notice that it was cancelling his policy in seven days i.e. on 20 December 2023. It said he had to pay an outstanding balance of £369.73. This letter was sent in the post and it was sent to the correct address. So, I think BISL did enough to make sure it was received. Mr T said he didn't receive it. I think if Mr T had received it he would have responded without delay, just like it did to the 21 November 2023 letter. So, on balance, I don't think he received it.*

*Motor insurance policy cancellations can have a very significant impact on a customer. And this isn't only because having a cancellation will very likely increase future premiums but also because if someone is driving uninsured, they may end up being stopped by the Police and given a fine or worse. It is for these reasons that we think that it is good industry practice for insurers or intermediaries to use their customer's communication preference when warning them about an impending cancellation and also that a policy has been cancelled. And if the customer doesn't have a preference, which BISL said was the case here, it is appropriate for them to use the means of communication used with the particular customer previously. But because, as I said above, a cancellation is so significant we also think it's good industry practice for an insurer or a broker to use two means of communication, such as email and letter.*

*BISL said that Mr T didn't have any communication preferences. The seven-day notice was sent in the post. The earlier request for the V5C was also sent in the post, but it also said that Mr T could respond by email. And the policy cancellation seems to have been emailed to Mr T according to him and also the system printout sent to us by BISL. So BISL had the*

*capability to email and post correspondence to Mr T.*

*As I said above, we think it is good industry practice for BISL to use two means of communication when it comes to cancellations. BISL didn't do this on this occasion. I don't think this was fair and reasonable. Bearing in mind that Mr T responded to the 21 November 2023 letter within three days I think it is more likely than not that if BISL had also emailed as well as posted the seven-day cancellation notice to him he would have responded and resent his V5C then- within the seven days. It would have been obvious to Mr T that something had gone wrong with his initial email and I think he would have acted promptly to respond, as he did before. And as I think that Mr T would have sent the V5C within the seven-day notice period, then his policy would most probably not have been cancelled. So BISL not using two forms of communication put Mr T in a worse position than the position he would have been in if email had also been used.*

*It follows that I think that Mr T's policy was cancelled unfairly. BISL said that when Mr T contacted it on 21 December 2023 it was too late to reinstate the policy but it was able to find him a new policy, with a different insurer. Mr T said his new policy is more than twice the price of his previous one.*

*In order for BISL to put Mr T in the position he would have been in had it emailed him and had he provided his V5C in time it would have to reinstate the policy. But as this is no longer an option, I think it should pay him his insurance premium for his new policy for the period the two policies overlapped. And this is bearing in mind the insurer charged the full years' premium due to there being a claim on the policy. BISL said the first policy was taken out in June 2023 but the documents it provided say September 2023. It can confirm the date when it responds to this decision.*

*Also I expect that Mr T's new policy is more expensive due to him having to declare this cancellation. As BISL has sold both policies I think it would know what Mr T had to pay extra due to having a cancellation on his record. I think BISL should pay the difference between what Mr T paid for the new policy compared to what he should have paid had he not had a cancellation on his record.*

*If BISL charged a cancellation or any other fees that were purely charged due to the policy being erroneously cancelled it must refund those to Mr T.*

*I also think it is fair and reasonable that BISL removes any internal and external records of the cancellation from its system. As far as I am aware, the insurer has done this already. And BISL must also issue Mr T with a letter confirming that the policy was cancelled in error and explain that a refund has been issued.*

### ***My provisional decision***

*For the reasons above I am considering upholding this complaint and directing BISL Limited to do the following:*

- *Pay Mr T his insurance premium for his new policy for the period the two policies overlapped.*
- *Pay the difference between what Mr T paid for the new policy compared to what he*

*should have paid had he not had a cancellation on his record.*

- *If BISL charged a cancellation or any other fees that were purely charged due to the policy being erroneously cancelled it must refund those to Mr T.*
- *Remove any internal and external records of the cancellation from its system.*
- *Issue Mr T with a letter confirming that the policy was cancelled in error and explain that a refund has been issued.”*

Both parties responded to my provisional decision and provided further comments. Mr T said he still believes that BISL's procedures are intentionally designed to catch customers out. He also queried whether additional compensation would be awarded for the distress he experienced as a result of the cancellation. He also asked whether we need evidence of his new policy and said this was taken out through another broker and not BISL.

BISL didn't agree with my provisional decision. It said that Mr T received its initial letter asking for his V5C so there was no reason why he wouldn't have received its subsequent letter warning him about the cancellation. It said it was acting in line with its terms and conditions which say that it will provide written notice of cancellation to its customer's last known address. It added that it's not clear why Mr T didn't contact it when he didn't receive an acknowledgment after he sent his V5C, despite knowing how important it was that he provided that document. It said Mr T sending the V5C to an incorrect email address was his oversight and not BISL's. Finally, BISL said that when the policy was cancelled confirmation was sent by email and text and therefore two methods of communication were used.

### **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.

Mr T said that, understandably, the matter has caused him a lot of stress and inconvenience including the fact that he has since had to take out a new policy whose premium will have been impacted by him having a cancellation on his record. I had considered whether to make a further award for compensation for distress and inconvenience when I issued my provisional decision, but I decided against it. I decided that as the error was originally Mr T's I didn't think it was fair and reasonable to ask BISL to pay compensation in addition to the other redress I was considering awarding.

BISL said that Mr T ought to have been in touch after he didn't receive an acknowledgement to his email. Mr T previously addressed this point and said that as his email didn't bounce back, he thought it had been received. I think that's a reasonable explanation and I think it would have been equally reasonable to assume he would hear from BISL if it didn't receive the V5C.

BISL said it was following its own terms and conditions when it wrote to Mr T with the cancellation notice. And it said that it used various methods to communicate with Mr T once the policy was cancelled. It also pointed out that in my provisional decision I accepted that it did enough to make sure the seven-day cancellation warning was received by Mr T.

As I said in my provisional decision, I thought both the warning and the cancellation notice should have been sent using more than one method of communication. And BISL has demonstrated that it could have communicated with Mr T by text and email as well as post. I think that something as important as a cancellation warning should have been sent using another method as well as post to ensure it was received. I gave more reasons as to why I arrived at this conclusion in my provisional decision.

In relation to Mr T's query about providing evidence about his new policy, this is something he can liaise with BISL directly about if he accepts my final decision. He may need to contact his other broker to obtain the necessary information. Finally, BISL hasn't confirmed when the policy started, whether it was June or September 2023; though the documents suggest it was the latter; but this is again something the parties can liaise directly about. I also note that once Mr T's new insurer is informed that the cancellation was made in error it may choose to recalculate Mr T's premium and issue a refund. If it does, then BISL doesn't have to pay this as well.

The rest of my findings as well as any additional findings made here now form the findings of this my final decision.

### **My final decision**

For the reasons above I am upholding this complaint and directing BISL Limited to do the following:

- Pay Mr T his insurance premium for his new policy for the period the two policies overlapped.
- Pay the difference between what Mr T paid for the new policy compared to what he should have paid had he not had a cancellation on his record. If Mr T's new insurer is happy to recalculate his premium without the cancellation and offer him a refund, then BISL doesn't need to provide this refund.
- If BISL charged a cancellation or any other fees that were purely charged due to the policy being erroneously cancelled it must refund those to Mr T.
- Remove any internal and external records of the cancellation from its system.
- Issue Mr T with a letter confirming that the policy was cancelled in error and explain that a refund has been issued. If the refund is issued by the new insurer then the letter doesn't need to mention the refund.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 14 November 2024.

Anastasia Serdari  
**Ombudsman**