

complaint

Ms P has complained that Be Wiser Insurance Services Ltd unfairly arranged for her car insurance policy to be cancelled due to non payment. She's also unhappy with the cancellation fee it charged her.

background

Ms P bought a car insurance policy through a broker, Be Wiser in November 2016. She renewed her policy in November 2017. She arranged to pay for her insurance by way of monthly instalments under a credit agreement.

From July 2018 Miss P experienced some problems paying her monthly premium on time. Be Wiser's timeline shows it waived late payment fees and changed the collection date to help Miss P meet the payments and prevent her policy from being cancelled.

In November 2018 Be Wiser arranged the renewal of Miss P's policy. She didn't meet the payment due in November 2018. Be Wiser agreed to change the collection date for future months – and agreed for Miss P to make the November payment by the end of the month. The cancellation warning letter Be Wiser sent Miss P gave a deadline of 29 November 2018 for her to make the payment.

On 30 November 2018 Be Wiser received an email from it's 'out of office hours' claims department. They said Miss P had tried to contact Be Wiser to make payment on 29 November 2018. So Be Wiser extended the cancellation date to 4 December 2018 to allow Ms P further time to make the payment. Be Wiser called Miss P. But it couldn't speak with her. As Miss P didn't make the outstanding payment by 4 December 2018, it arranged for her policy to be cancelled.

Miss P complained to Be Wiser. She was unhappy that she couldn't get through to make payment on 29 November 2018. And she was unhappy with the balance it said she owed on cancellation.

Be Wiser contacted the underwriter of her policy to see if it would reinstate her policy. But it wouldn't. Be Wiser said Miss P correctly owed a balance of £292.78. This included its cancellation fee and for the days she was insured. However, as a gesture of goodwill, Be Wiser reduced the balance Miss P owed to £163.48.

Miss P asked us to look at her complaint. Our investigator thought Be Wiser had acted reasonably.

Miss P didn't agree. She said she felt we hadn't considered all aspects of her complaint. In summary she said:

- Miss P was mostly unhappy with the balance she owed on cancellation. She said she wasn't aware that a fee would be taken if she cancelled the policy. She said she didn't understand what had been sold to her.
- Miss P feels she's paid for the insurance cover she used.
- Be Wiser wrote to her mother's address after it agreed it wouldn't. She says this caused her mother upset as it sent letters about collecting the debt from Miss P to the wrong address.

So Miss P would like an ombudsman to decide.

my findings

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 don't intend to uphold it. I'll explain why.

Miss P believes the policy was mis-sold to her – and that Be Wiser didn't follow her instructions as to which address to write to. These aren't complaints which Be Wiser has replied to – or that we have investigated. So Be Wiser needs to have the opportunity to address any new complaints Miss P has. If she remains unhappy with their reply, she is free to ask us to look at these new issues.

I appreciate that Miss P believes the amount Be Wiser said she owed on cancellation was excessive. We don't think it's wrong for an insurer or broker to charge a cancellation fee to cover its administration costs, provided it's reasonable and set out in the policy documents. I can see that Be Wiser set out its cancellation charge of £100 in its Terms of Business which it sent with Miss P's policy documents. And as Miss P entered into a credit agreement to repay the yearly premium in monthly instalments with a credit provider, they applied interest which was set out under the credit agreement.

As a goodwill gesture, Be Wiser reduced the balance Miss P correctly owed by £129.30. So I can't say that Be Wiser treated Miss P unfairly by asking her to pay a reduced balance of £163.48. This is less than its cancellation fee and the amount she owed for the days she was insured under the policy.

I understand that Miss P had difficulty getting through to Be Wiser on 29 November 2018 in order to make payment to prevent her policy from being cancelled. But I can see that Be Wiser didn't cancel her policy then. As it knew from its claims helpline team that Miss P had tried to contact it, it called Miss P on 30 November 2018 but wasn't able to speak with her.

Miss P told us she made several calls to Be Wiser on 29 November 2018. So I think she was very aware of the risk of her policy being cancelled. But I can't see anything to show me that she made any further attempt to contact Be Wiser over the following days to make the payment – until 5 December 2018 – after it arranged for her policy to be cancelled on 4 December 2018.

I've considered the fact that Miss P said she asked for the collection date to be at the end of the month – and not the 20th. Be Wiser said Miss P agreed for the collection to be the 20th at renewal. But in any event, Be Wiser said it would change the date to the end of the month from December 2018 – and it waived the late payment fee Miss P was charged for the November payment. As it tried to speak to Miss P on 30 November 2018 – and waited until 4 December 2018 – I don't think the date of collection made a difference to the outcome. I think Be Wiser did enough to help Miss P to try to prevent the cancellation of her policy.

Be Wiser asked the underwriter if they would reinstate Miss P's policy, but they didn't agree. Overall I can't say that Be Wiser acted unreasonably.

I understand Miss P will be disappointed with my decision. But I think Be Wiser was flexible in its approach before it made the decision to cancel Miss P's policy on behalf of the underwriter. So I think it's fair and reasonable for Be Wiser to ask Miss P to pay the reduced balance in line with its terms of business and the policy.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 8 February 2020.

Geraldine Newbold
ombudsman