

complaint

Mr W says Tradex Insurance Company Limited didn't advise him properly about the outstanding premium due on his commercial motor vehicle policy.

background

Mr W cancelled his policy in 2012 after he decided to stop trading as a private-hire taxi driver. He checked whether there was anything left to pay on the policy. He was told by Tradex's appointed representative ('Firm A') that there wasn't. In 2015 Tradex wrote to Mr W telling him he had to pay over £1,000 of outstanding premium on the policy.

Our adjudicator suggested that the sum owed should be paid in instalments, which Tradex accepted. However, he also thought Mr W should be paid £100 compensation, as he was given the wrong information in 2012.

Tradex didn't agree that Mr W was given incorrect information in 2012, so didn't think compensation was fair. It asked for a review of the complaint by an ombudsman.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr W says he wasn't told when he cancelled the policy that any premium was outstanding. He accepts that Firm A advised him afterwards that he owed Tradex money. Mr W queried that, and says he was told by a named employee of Firm A that there had been an error and he didn't owe Tradex anything.

There's no doubt that Tradex informed Firm A in 2012 that an outstanding premium was due from Mr W. Firm A has no record of telephone calls made to and from it at the time. Not surprisingly, given the time that's elapsed, its employee can't remember the call with Mr W. He says he would have used the usual 'script' which says all premiums are due if a claim's been made on the policy. Mr W had made two claims. I don't think the named employee's account is helpful to Tradex in this case. Firm A can't show what was said to Mr W during the call he's described, but Mr W's recollection of it is clear.

Mr W doesn't dispute that Firm A *initially* told him there was money owing, and it may be that it was at this point that the script was read out or referred to by Firm A. What seems certain is that in 2012 Mr W wasn't given anything in writing, from Tradex or Firm A, to show the sum owed or how it was arrived at. There isn't a note of any conversations between Mr W and Firm A. I'd have expected *something* to have been put in writing, either then or shortly afterwards, especially if Tradex and Firm A were expecting a payment from Mr W.

Given the lack of evidence on the issue, I don't think Tradex can show Mr W's account of events isn't accurate. There's no reason to think he invented the conversation with the named employee, who may simply have made a mistake. Certainly it seems Mr W wasn't *chased* for the money owed, either by Firm A or by Tradex. That seems to me to support what Mr W has said. It seems to point to an error on the part of one or both businesses.

I agree Mr W's complaint should be upheld. Mr W says that he stopped trading in 2012, but had he known at the time there was a balance to pay he'd have done it then. Mr W has since

sold his vehicle, but made no provision to pay a debt he didn't know he had. It came as a great shock to hear from Tradex in 2015 that he owed it a large sum.

Mr W was initially asked to pay the full debt. Tradex's letter said that failure to pay or agree to pay would mean the matter would be passed to solicitors. The effect of a court judgement was mentioned. I can see why that letter, arriving 'out of the blue' would have caused Mr W worry and concern. Given what had been said to him by Firm A in 2012 he didn't know at the time why he owed the money. He had no idea how he was going to pay the sum required.

I think Tradex acted reasonably later on by agreeing to allow Mr W to pay in instalments. However, I also think it would be fair for it to pay him £100 compensation for the confusion, stress and inconvenience caused to him by what happened.

my final decision

My final decision is that I uphold this case. I require Tradex Insurance Company Limited to pay Mr W £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 30 December 2015.

Susan Ewins
ombudsman