

complaint

Mr I has complained that Tradewise Insurance Services Ltd unfairly cancelled his motor trade insurance policy.

background

Mr I bought a motor trade insurance policy with Tradewise through a broker in 2015. Tradewise asked Mr I to provide proof of his No Claims Bonus (NCB) history.

Mr I sent it a letter from his last insurer. This showed a gap in his NCB from October 2013 to July 2015 – when he bought this policy. Tradewise asked Mr I why there was a gap.

Mr I said he was studying abroad during that time and was living with his family and parents.

Mr I had answered 'yes' to the questions "have you been a UK resident for the past three years" when he applied for this policy. But if Mr I had answered it correctly, Tradewise wouldn't have offered Mr I a policy at all. So it cancelled Mr I's policy.

Mr I recently wanted to buy a motor trade policy. But he found the cost of the insurance was much higher because of the cancellation from 2015. So Mr I complained to Tradewise this year about its decision.

Tradewise said it had correctly cancelled his policy. But it reviewed what it charged Mr I and said it would charge him for the days it insured him. So it provided a refund to him of £91.87 exclusive of Insurance Premium Tax (IPT).

Mr I remained unhappy, so he asked us to look at his complaint. He told us he was staying abroad for a few months at a time, but classed himself as a UK resident. He sent his UK driving licence and his passport with date stamps of his travel between 2013 and 2015. He still rented a property in the UK while he was abroad.

Tradewise provided underwriting proof to show it wouldn't offer a policy to a person who hadn't been residing in the UK for the past three years. And it provided confirmation of what Mr I told it in 2015 when it received his NCB proof. He'd said he was living abroad between October 2013 and July 2015 as he was studying. He lived for a few months with his parents. And for a few months he rented a property with his wife and children. He also had a house in England which was being looked after by his cousin.

Our investigator didn't recommend Mr I's complaint should be upheld. Tradewise had shown that it wouldn't accept cover if it had known Mr I wasn't residing in the UK for the past three years. Although Mr I now says he wasn't living abroad, but visited for a few months at a time, the investigator thought it was reasonable for Tradewise to rely on what Mr I told it in 2015. So she felt Tradewise had correctly cancelled Mr I's policy. And its refund to him was fair and reasonable.

Mr I didn't agree. He wants Tradewise to remove the cancellation from all databases so that the price of his motor insurance is less.

So the matter has been passed to me 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.

When an insurer cancels a policy, we check that the customer was asked a clear question and if he or she answered it correctly. We also check that even if there was a mistake – if the insurer would have still provided cover anyway.

Mr I completed his application for his policy with Tradewise online through a broker. I think he was asked a clear question as to whether he'd been a UK resident for the previous three years.

I know Mr I considered he was a UK resident. And he is a citizen of both the UK and the country he was living in between 2013 to 2015. But he told Tradewise in August 2015 that the reason why there was a gap in his NCB for 21 months was due to him studying abroad during this time.

Tradewise has provided proof from its underwriters that it wouldn't offer a policy to any customer who hadn't resided in the UK for the previous three years. So I think Tradewise reached its decision to cancel Mr I's policy fairly and reasonably.

When Mr I complained this year, Tradewise reviewed the cancellation charges it applied. Although they were correct as per the terms and conditions of the policy, it decided to charge Mr I on a pro-rata basis. In other words, he paid for the days Tradewise insured him. So it refunded Mr I a balance of £91.87 (plus IPT). I think this was reasonable.

Mr I has since told us that his friend completed his application for him and made a mistake. And he can provide proof of renting property in the UK for the same period of time. But this doesn't make a difference. Even if Mr I was renting a property in the UK, I think Tradewise was reasonable to rely on what he told it in 2015 about where he was living. If Mr I asked somebody else to complete his application, it's still his responsibility to check the information is correct in his name.

I know Mr I will be disappointed with my decision. But I think Tradewise acted correctly with the information it had when it cancelled Mr I's policy. So I'm not asking it to remove the cancellation from internal or external databases.

my final decision

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 9 October 2017.

Geraldine Newbold
ombudsman