

## **complaint**

Mr G complains about the refund he got from his broker, Be Wiser Insurance Services Ltd, when he cancelled his motor insurance policy.

## **background**

Mr G paid £1,686.96 for the policy. He was told when he bought it that 'short-term rates' would be applied by the insurer on cancellation after 14 days. Be Wiser said it would charge a non-refundable set-up fee for placing the policy, plus a £100 cancellation fee. Mr G had bought an 'add-on' policy for £135 to cover the high excess on the main policy. Be Wiser said the premium for that policy was also non-refundable.

Mr G decided to cancel the policy after it had been running for less than two months. The insurer charged him 40% of the full premium and Be Wiser added set-up and cancellation charges of £162. Mr G said the refund he got of £641.43 wasn't enough.

One of our investigators considered Mr G's complaint. He said Mr G had been told about the set-up charge Be Wiser would make and its £100 cancellation charge. After checking what work and costs for Be Wiser were involved in cancelling a policy, he said the charge for that was reasonable. He said as Mr G had been told the add-on policy was non-refundable, it was fair to retain the premium for that too. The investigator said if Mr G didn't agree with the sum charged for the motor insurance policy, he could raise the issue with the insurer.

Mr G asked for a review of his 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.

In the sales call, Be Wiser's advisor told Mr G that if he cancelled the policy within the 14-day 'cooling-off' period, he'd only be charged by the insurer for time on cover, plus a set-up charge of £56. He said after that period, the insurer would charge short-term rates and that Be Wiser would also charge a £100 cancellation fee. The advisor told Mr G several times during the call that he should check all the documents that Be Wiser would be sending him shortly and that he should contact Be Wiser if he had any queries.

When Be Wiser alerted Mr G to the insurer's short-term rates during the sales call, he didn't query it. Details of the exact percentage of the premium the insurer would retain were provided in the insurer's *Statement of Fact*, which was sent to Mr G straight after the sale.

Be Wiser had already advised Mr G to check the documents during the sales call, and it also wrote to him to remind him to do so after the sale. Had Mr G noted the high percentage of the premium the insurer would retain on early cancellation, he could have cancelled the policy during the cooling-off period if he didn't agree with it. He'd then only have had to pay the insurer for the time he had on cover.

From what Mr G has said, when he cancelled the policy he only expected to be charged for the cover he'd had. I can see that the sum retained by the insurer would have been quite a shock to Mr G if he wasn't aware of the effect of the short-term rates. But I don't think that's Be Wiser's fault, as it gave Mr G notice of what would happen on cancellation after 14 days. Unfortunately, he didn't query anything or cancel the policy within that period.

Mr G was also told about Be Wiser's £100 cancellation charge at the point of sale. He hasn't complained to us about that, although I think it's a little higher than the charge we normally think is reasonable. But Be Wiser has set out the activities and the costs associated with a cancellation, and taking everything into account, I think making the charge was reasonable.

The advisor told Mr G during the sales call that there would be a set-up charge of £56 should the policy be cancelled within the cooling-off period. In the terms and conditions document sent to Mr G straight after the sale, it said the set-up charge was £62 and was non-refundable. As there's work involved in setting up a policy, we think it's fair to charge a reasonable non-refundable set-up fee. Although there's a slight difference in the sum quoted by the advisor and the sum charged, I don't think it would have made any difference to Mr G had the advisor quoted £62 instead of £56 during the call.

During the sales call the advisor didn't say the premium for the 'add-on' policy was non-refundable. Although that was set out later in a letter, I think it should be made clear at the point of sale if a premium's non-refundable. A consumer can then decide whether the policy's worth buying. So I think the question is whether it would have made a difference to Mr G had been told the facts. In my opinion, it's more likely than not that Mr G would still have bought the add-on policy. That's because paying £135 for it for the year would have guaranteed a refund of the £3,000 policy excess had a claim been made on the motor policy. In these circumstances, I don't think Be Wiser should have to refund part of the premium.

I know Mr G will be disappointed with my decision, but as I don't think he's been able to show that Be Wiser acted unreasonably, I can't uphold his complaint.

### **my final decision**

My final decision is that I don't uphold this complaint. Under the Financial Ombudsman Service's rules, I must ask Mr G to accept or reject my decision before 2 December 2020.

Susan Ewins  
**ombudsman**