



## **complaint**

Mr and Mrs N's complaint concerns the failure by Be Wiser Insurance Services Ltd to provide the underwriter of their policy, with relevant information when the policy was taken out. This failure led to the policy being cancelled.

## **background**

Mr and Mrs N purchased a policy through Be Wiser, in March 2011. Be Wiser was asked to disclose any claims that had occurred in the past three years, at which point it noted a flood claim made by Mr and Mrs N in 2007. The policy was successfully set up, however in August 2011 Be Wiser was notified by the underwriter that Mr and Mrs N's policy fell outside its acceptance criteria and would be declared void.

Through various discussions between the underwriter, Be Wiser and Mr and Mrs N, the underwriter decided to mark the policy as "not taken up" so as not to prejudice Mr and Mrs N in the future when trying to obtain cover.

The underwriter has said that, had Be Wiser answered accurately the question whether any flood claims had been made in the last 15 years, it would not have offered cover. Be Wiser disagreed that it had failed to provide any information. However, to resolve the complaint Be Wiser offered to arrange and pay for a new policy for one year.

Mr and Mrs N were not happy with this resolution as they wanted to be put back in the position they were in prior to the cancellation of the policy. They contend that they are now stuck with having to pay a higher premium than if they had remained with their previous insurer. They subsequently brought complaints to this service, one against Be Wiser and the other against the underwriter. The complaint against the underwriter has been resolved.

Our adjudicator concluded that the complaint should be upheld. She felt Be Wiser had failed to give the additional information requested by the underwriter and had this been given at the outset Mr and Mrs N would have been free to obtain cover from an alternative insurer.

The adjudicator recommended that Be Wiser's initial offer to arrange and pay for a new policy should be honoured along with £100 compensation for the distress and inconvenience caused to Mr and Mrs N for having to arrange cover in a short period of time after having been notified of their policy's cancellation.

Be Wiser disagreed with the adjudicator as it was of the opinion that the matter had been caused "*as a result of system differences between Be Wiser and [the underwriter].*"

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

It is clear that the fault in this matter lay between Be Wiser and the underwriter. On the evidence, it appears that Be Wiser, although noting Mr and Mrs N's flood claim under the "*claims in the past 3 years*" section (although it was more than three years old), failed to answer correctly the question relating to flood claims in the past 15 years. This caused the

policy to be set up on the system. I note that Be Wiser asserts that it did provide all the right information to the underwriter. However I have seen no evidence of this (eg screenshots), and on balance I am persuaded that Be Wiser was at fault. Clearly the system was also at fault and I do think that the underwriter's agreement to mark the policy as 'not taken up' was a reasonable response on its part.

As Mr and Mrs N are unhappy with compensation, I should explain that we provide a dispute resolution procedure. Wider issues of 'malpractice' are the concern of the Financial Conduct Authority. My role is to try to reach a fair and reasonable resolution to this complaint.

If Mr and Mrs N's property is not in a flood risk area and they have had only one minor flood claim, I would be surprised if they have had to pay a much larger premium for specialist insurance. They should not have to declare that they have been refused insurance as the record is marked 'not taken up'. They could also approach their previous insurer and ask it to continue cover rather than treat them as 'new' policyholders.

As regards resolving this case, I do consider that the adjudicator's proposal is reasonable and I propose to make a direction in those terms.

**my final decision**

My final decision is that I uphold the complaint. I require Be Wiser Insurance Services Ltd to:

Reimburse Mr and Mrs N the cost of the first year's premium they have had to pay to their new insurer.

Add interest at 8% from the date of the policy's cancellation to the date of settlement.

Pay £100 compensation to Mr and Mrs N for the distress and inconvenience caused to them.

Ray Lawley  
**ombudsman**