

complaint

Miss S complains that W E Bedford Insurance Services (Wimbledon) Ltd cancelled her motor insurance policy for not paying an additional premium, when she believed the extra payment could be taken through her direct debit instalments.

background

Miss S phoned W E Bedford, the intermediary for her motor insurance policy, to say that she had had a conviction for speeding added to her licence. When it updated her insurance policy with this information, Miss S' insurer said that she would need to pay an extra amount in her premium. She paid monthly by direct debit and thought the extra premium could be included in with her normal payments. But W E Bedford told her that this couldn't be done and she'd need to pay this extra amount separately.

When the extra amount wasn't paid, W E Bedford gave Miss S seven days' notice that her motor insurance policy would be cancelled.

Miss S' car was then written off in an accident. She complained to W E Bedford that she'd been asked to pay an extra premium at short notice and wasn't sure whether she was insured when she had her accident.

Our adjudicator didn't think it was fair for the insurer, or W E Bedford as its agent, to charge a policyholder an additional premium for a speeding offence when the insurance contract was mid-term. He said that this had caused Miss S worry and distress. Miss S was able to recover her losses from the accident from the third party insurer. But the adjudicator thought that W E Bedford should pay Miss S £200 for the upset she was caused.

W E Bedford said that Miss S had applied for her policy online but hadn't disclosed her speeding offence when she gave her information. It had told Miss S that the extra premium needed to be paid in a one-off amount and had given her time to pay it before giving her notice that her policy would be cancelled.

The adjudicator said that Miss S hadn't failed to disclose a speeding offence. When she applied for the policy she was booked onto a speed awareness course, so she didn't have a conviction at that time. It was only when Miss S became unwell and couldn't complete the course that she accepted the penalty.

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 this, I've found this to be a finely balanced case. The circumstances are unusual in the sense that the date of Miss S' speeding offence was before she applied for this policy.

I accept that there has been some confusion and question about how the speeding conviction was noted on Miss S' counterpart driving licence. Although we have confirmed the date of the offence from DVLA records, these don't show when her conviction date was.

But Miss S has told us that she was booked onto a speed awareness course when she answered the questions to apply for her policy. If she had completed this course, then she wouldn't have been issued with a fine or penalty points. So, in this particular situation, I can't conclude that Miss S didn't disclose the pending conviction when she applied for her policy when she thought she would be attending the course.

I've listened to the call between Miss S and W E Bedford when she told it about the speeding offence. Although I can understand why she may have thought she would be able to pay for the extra premium along with her normal monthly instalments, it was made clear to her that this wasn't possible and she would need to pay this extra amount separately.

However, when I've considered the particular circumstances here, including the relevant dates as well as Miss S' health concerns, I don't think it was fair or reasonable for the additional premium to have been added to Miss S' insurance policy part-way through her cover period. I would normally expect this speeding offence to be fully disclosed and taken into account when Miss S next renewed her motor insurance policy, but I don't think it was fair to ask Miss S to pay an increased premium at short notice and then cancel her insurance policy.

It's because of this that I agree that W E Bedford should pay Miss S compensation for the upset and worry this situation caused her.

my final decision

My decision is that W E Bedford Insurance Services (Wimbledon) Ltd should pay Miss S £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 11 April 2016

Cathy Bovan
ombudsman