

complaint

Mr H has complained that Be Wiser Insurance Services Ltd made a mistake when it cancelled his motor insurance policy and didn't give him a full refund. He also complains Be Wiser took too long to process his refund.

background

Mr H took out a policy with Be Wiser which is an intermediary. He says he told Be Wiser there would be a delay in providing all the documents it needed to validate the policy. Mr H says Be Wiser cancelled his policy, didn't give him all his money back and took too long to process the refund.

The adjudicator thought Be Wiser had been entitled to cancel the policy on behalf of the insurer. She thought Be Wiser had shown Mr H hadn't provided the documents the insurer required to validate the information Mr H had given when he'd applied for the policy.

The adjudicator thought that the insurer was entitled to retain some of the premium paid because Mr H had been on risk for a period of time. She also thought Be Wiser was entitled to charge Mr H a cancellation fee. But the adjudicator thought that Be Wiser should return more of the money Mr H had paid for the policy as the insurer had recalculated how much premium it would retain.

The adjudicator could also see that Mr H had been charged two cancellation fees - one of £75 and another of £50 charged by a sub broker. The adjudicator thought the first fee was fair as it had been set out in the terms and conditions. She didn't think the second fee was fair as she thought it hadn't been properly brought to Mr H's attention.

The adjudicator also thought Be Wiser should pay Mr H £50 in compensation.

In response, Be Wiser said it hadn't been given the additional £177.49 refund by the insurer so hadn't been able to pass it on. Be Wiser said Mr H had been made aware of the potential £50 sub-broker cancellation fee when he took out the policy. It also said it shouldn't have to pay compensation as it wasn't aware Mr H was unhappy with its settlement until contacted by this service.

The adjudicator issued a second view. She gave Be Wiser a copy of a document provided by the insurer showing it had processed the additional premium refund to Be Wiser in September 2016. The adjudicator thought the delay in passing on the refund to Mr H was unfair and Be Wiser should pay compensation for that mistake. In her opinion Be Wiser should:

- arrange for Mr H to receive the £177.49 which the insurer has refunded;
- refund Mr H the £50 cancellation fee charged on behalf of the sub broker; and
- pay Mr H £50 compensation.

Be Wiser didn't respond to the second view so this complaint came to me to make a final decision.

my findings

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

Like the adjudicator I agree that Be Wiser was entitled to cancel Mr H's policy when he didn't send in the documents it required. So I think what I need to decide is if Be Wiser returned enough of the premium and if it should pay Mr H £50 compensation for the delay and inconvenience he experienced.

I think Be Wiser's £75 cancellation fee was fairly applied as Mr H was made aware of it when he took out the policy. But I don't think it would be fair for Mr H to pay a second cancellation fee to the sub-broker as I don't think Be Wiser did enough to bring it to his attention when Mr H took out the policy. I can see that Be Wiser told Mr H in his welcome pack that:

*"Please note we make the following charges to cover administration:...
Cancellation of Policy – net return given by your Insurers less a charge of £75."*

Given the information above only makes reference to a £75 cancellation fee I think it was unlikely that Mr H would have understood there would be second cancellation fee payable if the policy didn't go ahead.

I can see that following a review of how much premium to retain the insurer returned an additional £177.49 of Mr H's premium to Be Wiser. And I think this additional amount should have been refunded promptly to Mr H. I appreciate Be Wiser says it doesn't have this money but the insurer has provided this service with documents showing the refund payment was made in September 2016. I think Mr H was entitled to have been given the additional refund at that point so I think it would be fair for Be Wiser to pay him £50 compensation for the delay and the inconvenience he has experienced.

my final decision

For the reasons explained above, my decision is I uphold this complaint in part. I now require Be Wiser Insurance Services Ltd to:

- arrange for Mr H to receive the £177.49 which the insurer has refunded;
- refund Mr H the £50 cancellation fee charged on behalf of the sub broker; and
- pay Mr H £50 compensation for the delays and inconvenience he experienced.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 17 March 2017.

Sarah Brooks
ombudsman