

complaint

Mr J has complained about the cancellation of his commercial motor insurance policy by Be Wiser Insurance Services Ltd and the amount he has been charged as a result.

background

Mr J arranged commercial vehicle, goods in transit and public liability policies with Be Wiser. When taking out the policies, he said he had three years' no claims discount (NCD) and supplied evidence to show this. However, the document only showed two years and so, on referral to the underwriter of the policy, his premium was adjusted accordingly. On further investigation, however, it became apparent to Be Wiser that the NCD was not earned in his name and so the discount was removed, resulting in a further increase in premium. At this stage, the policy was cancelled.

Mr J arranged a chargeback for part of his premium through his bank and Be Wiser agreed to waive its commission on the commercial vehicle policy. However, it charged 30% commission on the goods in transit and public liability policies that Mr J chose to cancel after the issues he had experienced with his commercial vehicle policy. Mr J was unhappy with the amount he had been charged and so brought the complaint to this service.

Our adjudicator upheld the complaint. He requested the inception call from Be Wiser, which was supplied, however Mr J had previously had a quote with another agent. This call was not supplied. In the recording Be Wiser sent to us, Mr J was asked:

"You do have three years of no claims bonus to apply to this vehicle, 2013 commercial vehicle?"

Mr J answered that he did. After looking at the evidence provided by Mr J, our adjudicator was satisfied that it was reasonable for him to believe that he actually had two years' NCD. Because of this, he felt the cancellation was unfair and that Be Wiser should ensure that Mr J was only charged for the time he was on risk for all three policies and refund any charges it had made. Be Wiser disagreed with this, stating that the evidence Mr J had supplied showed that he did not have any NCD, as he was not the policyholder during the period of insurance the NCD was accrued. As such, the complaint has been referred to me for a final decision.

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 Mr J was of the belief that he had two years NCD when he incepted the policy, despite originally thinking he had three. However, Be Wiser contacted his previous insurer and confirmed that the insurance policy was not in his name. I understand that the previous policy was a limited company which was jointly owned by Mr J and his brother. At the time of arranging the Be Wiser policy Mr J had taken full ownership of the company.

What is clear is that Mr J believed that he had NCD at the time of application. Given that Be Wiser accepted his letter from his previous insurer, outlining that he had NCD, when he produced it, it is not surprising that Mr J was confused. Be Wiser clearly believed that the letter evidenced his NCD position at that time, reducing his NCD from three to two years because of it, and having seen the letter I agree that it is far from clear.

The question Be Wiser asked did not make it clear that the NCD had to be earned in Mr J's name, which is something it is now relying on. It has argued that Mr J simply did not have the NCD entitlement that he was claiming but I am satisfied, from the evidence before me, that he believed he had. It is not fair for an insurer or intermediary to assume its customers have the same level of knowledge as it. The document Mr J has used to show his NCD entitlement is addressed to another party, a broker, but states:

"I can confirm that at the expiry of the above the insured was entitled to 2 year(s) no claims bonus."

The letter shows Mr J and his brother as named drivers and his name appears first. I appreciate that someone with industry knowledge may have interpreted the letter differently but I am satisfied that Mr J believed he could use the NCD and that he could apply it *"..... to this vehicle, 2013 commercial vehicle?"*

As such, I cannot find that Mr J was unreasonable in this regard. I am persuaded that the question asked by Be Wiser was not clear enough to illicit the correct response. Because of this, I agree with our adjudicator that responsibility for the error rests with Be Wiser and it should pay Mr J compensation for the stress and inconvenience caused in having his policy cancelled.

my final decision

It is my final decision that I uphold this complaint and I require Be Wiser Insurance Services Ltd to:

- calculate the time on risk charge for Mr J's commercial vehicle policy based on him having two years' NCD;
- calculate the time on risk charge for the goods in transit and public limitation policies Mr J arranged through Be Wiser;
- refund any amount Mr J has been charged that exceeds the sum of the above points, without deducting any fees or charges. 8% simple interest per annum should be added to the refund from date of cancellation until date of settlement;
- request that the insurer remove the record of cancellation from any internal or external records on which it is stored;
- supply a letter to Mr J explaining that the cancellation was in error; and
- pay £150 compensation for the distress and inconvenience caused by the misunderstanding regarding the NCD and subsequent cancellation.

Colin Keegan
ombudsman