

complaint

Miss D complains that Be Wiser Insurance Services Limited ("BW"), her broker, cancelled her motor insurance policy without informing her, leading to her prosecution for driving without insurance.

background

Although Miss D had paid in full for two policies covering two vehicles in September 2012, the documents BW issued to Miss D do not show her name as the policy holder. BW says it tried to contact Miss D by email and letter, and as she did not respond, it cancelled her policies in November 2012. Miss D says she did not receive any letters from BW and the email address BW was using for her was incorrect (although it had the correct one), as was the telephone number it used.

The adjudicator was of the view that the fact the documents showed a different customer's name as the policy holder for Miss D's two vehicles could only have resulted from an error on BW's part. She also considered BW could not show it gave Miss D proper notice of the cancellation; the letters were not addressed to her, so even if they had been received, Miss D would not have opened them.

BW considers that Miss D is jointly responsible for the situation, as she should have checked her insurance was in place. Nonetheless, it was prepared to pay Miss D £250 (to cover the fine / court charges of £150, plus some general compensation), refund her premiums (apart from time on cover), remove its cancellation charges, issue a letter explaining the policy cancellation and reduce her current premium by £300. The latter sum was the additional cost of her new annual policy with the IN10 (driving without insurance) conviction in place.

Miss D did not accept BW's offer. In her view she was never insured, so the full policy premium should be returned. She also pointed out she would have the IN10 conviction, carrying six penalty points, on her licence for *five* years, and BW's offer only compensated her for increased premiums in one of those years.

The adjudicator asked BW to increase its settlement offer by paying Miss D £1,000 to compensate for the IN10 (minus the £300 amendment), by offering £250 more for Miss D's distress and inconvenience, and by adding interest to the reimbursement of Miss D's fine / court charges.

BW did not agree that it should have to pay interest or additional compensation. It provided us with quotations based on the policies Miss D had with it originally. They were based on Miss D having an IN10 for the period 2009 to 2013 and were more competitive than the policies Miss D had previously. BW said It was difficult to gauge the effect the IN10 would have on Miss D in the future, especially as Miss D now had a different car to insure, but it considered the adjudicator's suggestion to be excessive and remained of the view that its original settlement offer was reasonable.

As there was no agreement, the complaint was passed to me for review.

my findings

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

In my opinion, Miss D is not jointly responsible for the situation in which she found herself. She had paid for her policies 'up front' and in the absence of further contact from BW, in my view she had no reason to think her insurance was not in place. I am satisfied that although BW has already accepted that it should compensate Miss D, and has tried to settle the matter, it would be fair and reasonable for it to compensate her further.

I have reviewed the on-line quotes BW has provided and the research carried out by the adjudicator. I have also taken on board the comments BW has made about Miss D's new vehicle. I accept that BW found reasonably low quotations for Miss D on-line, but the fact remains that she will always have to pay more for insurance until the IN10 is removed from her licence.

I appreciate that it is impossible to gauge exactly what additional sums Miss D will have to pay for insurance going forward, and that she may be responsible for some future rises in premium (for example, by changing her vehicle, her address or being involved in any motoring incidents). We would not expect BW to cover those issues.

The adjudicator asked BW to pay a global award of £1,000, which is in line with our usual approach to cases such as this. BW has dealt with the effect of the first year of the IN10 by reducing the premium back to what it would have been, so compensation for increased premiums should be based on the additional sum Miss D is likely to have to pay for insurance over the remaining four years of the IN10.

I am satisfied that had Miss D retained the two cars she had at the time, over four years she is likely to have had to pay an additional £700 - £800 to insure them. Roughly the same additional sum is likely to be payable for her new vehicle. Whilst it is not possible to be exact about the sum, in my view an additional £1,000 (minus the £300 BW adjustment), as suggested by the adjudicator is fair and reasonable.

In terms of the additional £250 compensation proposed, in my view, it would be fair and reasonable for BW to pay it, given that Miss D was stopped by the police, had to attend court and was convicted of an offence, despite having paid in full for her car insurance. In my opinion, she experienced a good deal of shock, embarrassment and frustration as a result of this, as well as considerable inconvenience.

I do not consider that a higher sum than this would be appropriate, however. Miss D considers she was not insured, but I am satisfied BW would have indemnified her had a claim been made on the policy. Similarly, I do not agree that a full refund of premiums would be appropriate in the circumstances.

BW is unhappy about paying interest on the £150 court costs and fine, but we normally add interest to awards for actual monetary loss, and as Miss D had to make a complaint to this service because BW's original settlement offer was insufficient, I am satisfied that it should be payable here.

my final decision

My final decision is that I uphold this complaint. I require Be Wiser Insurance Services Limited to do the following:

- pay Miss D compensation in line with its initial settlement offer;
- pay Miss D £1,000 in compensation for the IN10 conviction (*minus* the £300 adjustment);
- add interest at 8% simple p.a. to the reimbursement of the court charges / fine, from the date of payment to the date of settlement;
- pay Miss D an additional £250 compensation for distress and inconvenience.

Susan Ewins
ombudsman