

complaint

W, a limited company, has complained because its buildings insurance policy that was arranged by Xbridge Limited has been cancelled.

background

The premium for the policy was to be paid via a credit agreement. What normally happens is that the credit provider pays the insurer in full for the premium and W pays the credit provider under the terms of the credit agreement.

The credit provider asked Xbridge to get W's company registration number so that it could start its initial checks. This is because it couldn't trace W. W provided the registration number but it wasn't recognised by the credit provider. Xbridge later found out that the problem was due to W being an overseas registered company but the registration number it provided was for a British company with a similar, but different, name.

The credit agreement was never set up, which meant the insurer never received payment and no direct debits were taken from W's account. W spoke with Xbridge and discussed the possibility of paying the premium in full. Xbridge later said that it wouldn't set up another direct debit and would need the payment in full. No payment was ever received. The policy was eventually cancelled because the premium remained unpaid.

W blames Xbridge for this because it feels the paperwork wasn't sent through to the credit provider. Xbridge on the other hand says that the problem was W providing the incorrect registration number. W arranged a policy with another broker and offered to pay Xbridge for the insurance up until the policy was cancelled. Xbridge refused this offer.

Our adjudicator didn't think that the complaint should be upheld. He felt it wasn't Xbridge's fault that the direct debit didn't get set up. He also felt that Xbridge gave W sufficient opportunity to pay the premium in full before the policy was cancelled. W disagreed and asked for the complaint to be reviewed by an ombudsman.

my findings

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

I haven't seen anything which suggests that the problem here was due to Xbridge not providing the credit provider with the correct paperwork. Rather, it seems most likely that the credit provider couldn't process the credit agreement because it didn't get W's correct registration number (and therefore couldn't carry out its usual checks). I don't think that was Xbridge's fault.

W will need to complain directly to the insurer about the actual cancellation of the policy if it wishes to take that matter further. This is because that decision was made by the insurer not Xbridge. But it doesn't strike me as being unfair for an insurer to cancel a policy if the policyholder didn't pay for it.

W has queried why Xbridge wouldn't allow it to pay the premium to cover the time up until the policy was cancelled, but I don't think Xbridge's actions were unreasonable. Given the

problems that had been experienced with the previous direct debit, I don't think it was unfair of Xbridge to only continue with the policy if the full premium was paid.

my final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask W to accept or reject my decision before 18 May 2016.

Paul Daniel
ombudsman