

complaint

Mr D complains that Be Wiser Insurance Services Ltd cancelled his motor insurance policy.

background

In February, Mr D took out a new insurance policy through Be Wiser. As part of the sales process, Be Wiser asked Mr D how many years no claims discount he had and if they were free to use on the vehicle Mr D was insuring. Mr D said they were.

Be Wiser asked Mr D and his previous insurer for proof of the no claims discount available. In the month that followed, Be Wiser didn't receive proof. And so Be Wiser cancelled Mr D's policy in the middle of March.

Mr D continued to drive his car, and was stopped by the police in June for driving without insurance. His car was impounded and eventually crushed. Mr D was fined and penalty points were applied to his licence.

Mr D complained to Be Wiser, who said they hadn't acted incorrectly in cancelling the policy. Unhappy with their response, Mr D brought his complaint to us.

Our investigator thought Be Wiser hadn't acted fairly when they found out why Mr D didn't have the level of no claims discount he required. He thought Be Wiser hadn't made it clear enough that Mr D could only use his no claims discount on one vehicle.

But he thought Be Wiser did make Mr D aware that his policy was cancelled, so shouldn't be held responsible for Mr D driving without insurance. He said:

- Mr D should only pay for the period he was covered t on a proportionate basis and any amount he paid over this should be refunded, with 8% simple interest
- any record of the cancellation should be removed
- Mr D should get £200 in recognition of the distress and inconvenience he'd experienced

Both Be Wiser and Mr D disagreed with the investigator's assessment.

Be Wiser said they had asked Mr D clear questions, and shouldn't be held responsible if he didn't understand them.

Mr D said Be Wiser didn't make him aware he was driving without insurance.

So this complaint has been passed to me.

my findings

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

should Be Wiser have cancelled Mr D's policy?

Listening to the sales call, Be Wiser did ask Mr D if the no claims discount was available to use on the vehicle he was insuring. It wasn't, as no claims discounts are only available to use on one vehicle at a time. And Mr D was using his no claims discount on a different vehicle. But I don't think he realised this, so I think as far as he was concerned he'd answered the question correctly. And I think this was because Be Wiser didn't make it clear enough that no claims discounts can only be used on one vehicle at a time. It was especially important Be Wiser made this clear, as I think a lot of consumers (like Mr D) don't realise this.

I can understand why Be Wiser cancelled Mr D's policy, as at the time they hadn't had the proof of the no claims discount they needed. But it later came out this was due to a misunderstanding on Mr D's part, which I think Be Wiser were responsible for. Had Be Wiser made it clear he could only use his no claims discount on one vehicle, I think Mr D would never have ended up having the policy cancelled.

Mr D was charged more than the time he had the cover for. And I think it fair that he should only be charged for the period he was on cover. Because of this, I think Be Wiser should cover the additional costs Mr D incurred when the policy was cancelled. And they should also ask the insurer concerned to remove the record of the cancellation from its records and any other databases.

did Be Wiser tell Mr D his policy was cancelled?

Mr D says he wasn't aware he was driving without insurance. Be Wiser says they sent a letter to Mr D to confirm the cancellation, and told Mr D this over the phone.

Mr D says he didn't receive the cancellation letter, but Be Wiser have sent me a copy of the letter and I can see they sent it to the correct address. So I think it's most likely Mr D received it. But – even if he didn't – this wouldn't have been Be Wiser's fault.

Be Wiser have also sent me a copy of an email chain between them and Mr D. Their email says '*...the outstanding balance after cancellation is due...*'. And I think it was clear from this the policy had been cancelled.

As I think Be Wiser did enough to let Mr D know it had cancelled his policy, I don't think it would be reasonable to hold them responsible for the fact Mr D was driving without insurance or the costs associated with the events that followed.

putting things right

I've explained I don't think Be Wiser has to pay any of the costs incurred or any compensation for Mr D being stopped for driving without insurance.

But I can see that Mr D has been inconvenienced by Be Wiser not making it clear enough that no claims discounts can only be used on one vehicle at a time. He had to send in proof of his no claims discount unnecessarily. And his policy was cancelled which has caused him distress.

So to put things right, Be Wiser should:

- ask the insurer involved to remove any record of the cancellation of Mr D's policy from any internal or external databases on which it has been recorded
- pay Mr D the difference between what he paid for the policy (including any fees) and a straight proportionate (pro rata) charge for the time he was on cover. And it must add interest* on this amount at 8% per annum simple from the date it cancelled the policy to the date it makes the payment to Mr D
- pay Mr D £200 compensation for the inconvenience caused to him because of them cancelling his policy

my final decision

My final decision is I uphold this complaint in part. And Be Wiser Insurance Serviced Ltd must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 16 January 2017.

Rowena Burke
ombudsman

Be Wiser Insurance Services Ltd must pay the total compensation within 28 days of the date on which we tell them Mr D accepts my final decision. If it pays later than this it must also pay interest* on the compensation from the date of my final decision until the date of payment at 8% per year simple.

*if Be Wiser Insurance Services Ltd considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr D how much it's taken off. It should also give Mr D a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.