

complaint

Mr and Mrs B complain that Be Wiser Insurance Services Ltd kept too much of their money after they cancelled a car insurance policy they took out through it.

background

Mr and Mrs B took out a car insurance policy through Be Wiser, which is an insurance intermediary or 'broker'. Mr B said he had nine years' no claims discount ('NCD'). Be Wiser arranged a policy costing £523 (which was made up of a £494.61 premium to the insurer and a £28.39 non refundable charge for placing the policy).

Be Wiser asked Mr B for proof of his NCD. He said he'd been driving Mrs B's car as a named driver. Be Wiser asked for proof, but couldn't get this from her insurer. So it said it would have to increase the premium. Mr and Mrs B cancelled the policy.

Be Wiser deducted from the £523 they'd paid it the following amounts:

- £57.10 – for time on cover
- £28.39 – the non refundable fee for placing the policy
- £126.97 – the cancellation fee

This meant Mr and Mrs B got back £310.54. When they complained Be Wiser reduced the cancellation fee and refunded them a further £65.62. So this meant that from their £523 they got back £376.16 (a difference of £146.84).

Mr and Mrs B weren't happy with this so they came to us. Our adjudicator said Be Wiser had been entitled to increase the premium when it couldn't get proof of Mr B's NCD. She thought the refund they'd received was fair.

Mr and Mrs B didn't agree. They were insured for only 23 days and the amount they had to pay for this short time wasn't right. With the hassle and stress they'd had in dealing with Be Wiser they should get a full refund.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so I don't uphold it, and I'll explain why.

the no claims discount

Be Wiser clearly told Mr B that he'd need to send it proof of his NCD within 14 days of arranging the policy. I think it was entitled to say it would increase the premium without this information. Mr B sent it proof of his driving history, but this wasn't for the full nine years. He explained he was a named driver on Mrs B's policy. Be Wiser contacted Mrs B's insurer but it said it didn't have her authorisation to confirm the details. She did authorise this but Be Wiser still couldn't get the information. It asked Mr B to provide the proof, and said that otherwise the premium would increase. I understand Mr and Mrs B then decided to cancel the policy, but I don't think this was because Be Wiser had done anything wrong.

time on cover charge and cancellation fee

Mr and Mrs B were insured for 23 days so had the benefit of cover for this time. I think it's fair they pay for the time they were insured.

In its key facts document Be Wiser said if Mr and Mrs B cancelled the policy after 14 days it would return the net premium it received back from the insurer, less its 20% cancellation fee.

Based on the 23 days on cover and a premium of £494.61 I would expect the insurer's pro rata charge for time on cover to be around £31. Be Wiser has told us the insurer also charged a cancellation fee. I've looked at the policy document. This says the insurer will charge £25 plus insurance premium tax.

Be Wiser then charged Mr and Mrs B a cancellation fee. I don't think a fee of £126.97 was proportionate or justified.

But Be Wiser refunded Mr and Mrs B a further £65.62. This meant a cancellation fee of £61.35 (the difference between the original cancellation fee and the £65.62 refund). I think this reduced cancellation fee seems reasonable.

non refundable fee for arranging the policy

Be Wiser has also deducted its fee for arranging the policy. It said clearly, in its key facts, this fee was non refundable. I think it was fair for it to make this deduction.

my final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs B to accept or reject my decision before 9 August 2016.

Amanda Maycock
ombudsman