

complaint

Mr T complains that Be Wiser Insurance Services Ltd, a broker, mis-sold him a motor insurance policy. He also complains about the charges Be Wiser made when he cancelled his motor insurance policy and its delay in acting on his instructions to cancel.

background

In January 2018, Be Wiser arranged a policy for Mr T with an insurer. In March 2018, Mr T asked Be Wiser to cancel his policy. He didn't accept Be Wiser's cancellation charges and cancellation was delayed but backdated to 19 March 2018.

So far, Be Wiser has given Mr T a refund of £143.52, so he's been charged as follows:

- insurer's pro rata charge for time on cover £40.89
- insurer's cancellation fee £35.00
- Be Wiser's commission £32.63
- Be Wiser's reversal of initial discount £65.55

In the complaint form, Mr T said he wanted a refund of £250.

Our investigator thought that Mr T's complaint should be upheld in part. He said that Be Wiser explained to Mr T that whether he paid the premium in full or by instalments, he'd be charged for time on cover and cancellation charges. The investigator said that Be Wiser should refund commission of £32.63. He said that the information it gave to Mr T about commission wasn't clear at the outset.

Be Wiser didn't agree with the investigator and asked that an ombudsman consider the matter. It said that Mr T's complaint was that it had mis-sold him the policy and its delay in cancelling it. Be Wiser said that it reviewed its charges as a gesture of goodwill and refunded its commission of £100. It said that Mr T was better off as it had waived its commission of £100, rather than the commission of £32.63.

Mr T said that he wanted a further refund of £100.

As there was no agreement between the parties, the complaint was passed to me, an ombudsman, to decide.

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've listened to the recording of the sales call between Mr T and Be Wiser. Mr T didn't explicitly say that he wanted a policy for a shorter period than a year. This was an annual policy and was priced accordingly. As it turned out, Mr T didn't need the policy for the whole year but Be Wiser isn't responsible for that. Be Wiser explained to Mr T that he'd be charged for time on cover and cancellation charges, whether he paid the entire annual premium or monthly instalments.

The crux of Mr T's complaint is the refund on cancellation. The investigator is right to say that we can look at all the charges made by Be Wiser. The charges for time on cover and the cancellation fee are made by the insurer, not Be Wiser. I'm not going to look into the insurer's charges in this decision.

In relation to the charges made by Be Wiser, it had to make sure that Mr T had enough information about the policy to decide whether it was right for him and to communicate in a way that was clear, fair and not misleading.

I've looked at the information Be Wiser gave to Mr T. It said that any broker discounts would be reversed before cancellation. So, I don't think Be Wiser acted unfairly in reversing the discount it gave to Mr T. The information also said:

"...Any return premium to you will be the net return given by our Insurers less a charge of £100..."

I think that the reference to "*net return*" isn't clear. I don't think Be Wiser gave Mr T clear information about its commission of £32.63. So I think it should refund that amount.

Be Wiser says that it's already given Mr T a refund of its charge of £100. I don't think it would be fair for Be Wiser to seek to offset the refund it initially made against the refund of commission.

There was some delay in cancelling the policy but as Be Wiser arranged for the insurer to backdate the cancellation, I don't think that altered the outcome here.

Overall, I think the investigator's proposed resolution of this complaint is fair and reasonable. I agree with the investigator's conclusions and don't see any compelling reason to change the proposed outcome in this case.

my final decision

For the reasons I've set out above, my final decision is that I uphold Mr T's complaint in part. I now require Be Wiser Insurance Services Ltd to refund to Mr T its commission of £32.63.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 5 March 2019.

Louise Povey
ombudsman