

complaint

Mr L complains that Be Wiser Insurance Services Ltd has charged him for cancelling a motor insurance policy that was set up with the wrong details.

background

Mr L applied online for a motor insurance quotation through Be Wiser, which was acting as a broker. Be Wiser contacted him by telephone to clarify his details and provided him with a quote to consider. Mr L said that the policy was to be in his name and his father was to be a named driver. Mr L said that he wanted to discuss the quotation with his father and agreed that Be Wiser could contact him again the following day.

Mr L then agreed to the quotation and paid a deposit for the policy, which was to begin a few days later.

When Mr L received the policy documents, he contacted Be Wiser to say that some of the details were incorrect. He said that it was actually his father who was the owner and registered keeper of the car, and the policy should be in his father's name, with him as the main driver. Some of the specifications of the car were also incorrect, and Mr L made Be Wiser aware that the car had been imported and was a right-hand drive.

Be Wiser said that the policy application would need to be referred to its technical underwriting team and that it would contact Mr L once the change of details had been considered.

It then told Mr L that it was unable to arrange further cover for Mr L in the particular circumstances. It said that his policy was to be cancelled with immediate effect. But this cancellation was just outside of Mr L's 14-day cooling off period from the date that the policy started. And so Be Wiser said Mr L owed a balance of £185.40 for the insurance policy, which included the time that the policy had been in place, cancellation charges and Be Wiser's loss of commission.

Mr L complained and said that he had given the correct details to set up the insurance. He said Be Wiser had set up the policy with the wrong information and he should receive a refund of the deposit he paid for it.

Be Wiser said that it had used the information Mr L had given it to provide the insurance. It became aware that there were discrepancies with the details he had provided and was then unable to provide the insurance on the basis of the correct details once it had these. It said that Mr L owed the £185.40 balance on the policy, which was after deducting the amount of his deposit payment.

Be Wiser then transferred the balance on the policy to a debt collection agency which contacted Mr L to ask for its repayment and said that court proceedings may be considered to recover the money owed.

Our adjudicator recommended that the complaint should be upheld. Be Wiser had been unable to find a recording of the telephone call in which Mr L agreed to accept the quotation he had been given. The adjudicator said he could not be certain whether Mr L had been asked clear questions about the details of the car being insured. The adjudicator said that the correct details had been given to Be Wiser within the 14-day cooling off period and

therefore Be Wiser should treat the policy as though it was cancelled from this date. He said Be Wiser should charge Mr L on a pro-rata basis for the time the policy was in place and apply its fee for the policy being cancelled with the cooling off period. He said it should waive all other fees and pay Mr L a further £100 for the inconvenience of having to set up a new policy at short notice.

Be Wiser did not accept the adjudicator's findings. It said it had arranged the policy on the basis of the information Mr L had given it. Once it had the correct details for the policy that was required, it said it needed to refer the application to its technical underwriting team and there was a reasonable delay in this because of the risk not being standard. But it said that it had reviewed the charges applied and would refund £34.77 to Mr L as a gesture of goodwill. It also said it considered a payment of £50 was more fitting for the distress and inconvenience caused as Mr L had not provided the correct details for the policy.

The adjudicator explained his findings and Be Wiser's offer to Mr L, but he did not accept it.

my findings

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

I have listened to the telephone recordings of the conversations between Mr L and Be Wiser about the policy details. Although Be Wiser has been unable to provide us with the recording of the call in which Mr L agreed to the terms of the policy, it would seem that Be Wiser set up the policy on the basis of the information Mr L had provided to it.

Mr L then contacted Be Wiser within the 14-day cancellation period of the policy to explain the correct details, after receiving the policy documents. There appears to have been some problem with matching the details of the specifics of the car with Be Wiser's systems. But the main change with the policy was the owner and driver status of the car being that of Mr L's father rather than himself.

These new details needed referring to Be Wiser's technical underwriting team. This was reasonable considering the particular circumstances and changes to be made. Mr L was told that he would be contacted the following day. But it was not until the following week – six days later – that Be Wiser made the decision that it could not place Mr L's insurance requirements and that the policy set up for him should be cancelled.

I do appreciate that this six day period included a weekend, but it meant that the date of the cancellation was outside of the cooling off period. As Be Wiser was given the correct details for the policy within that 14-day period, I agree that it would be reasonable for it to have considered the cancellation to also have been within that period.

I have reviewed the offer Be Wiser has put forward, to waive some of the cancellation charges. The overall balance breaks down as:

- £71.12 for the time the insurance was on risk;
- £35 for Be Wiser's arrangement fee;
- £94.66 to represent 10% of the insurer's return for the administration and service of the policy.

From Mr L's deposit payment, this represents the refund of £34.77.

However, I have also considered the charges that may have been applied if the policy had been cancelled within the cooling off period, which were detailed on the insurance schedule and within Be Wiser's terms of business. The premium payable would, in these circumstances, be the number of days insured subject to a minimum of £25.

Overall, I do agree that the six day delay between Be Wiser being made aware of the correct details of the policy required, to it then reaching the decision that it could not insure Mr L and his father was unreasonable. The delay meant that the policy was cancelled outside of the 14-day cooling off period by two days. Even with the weekend, Be Wiser would have had two working days in which to look to place the insurance. I do appreciate that the particular circumstances were non-standard, but that was known when the correct details were given. Be Wiser's representative also told Mr L that he would be contacted about the insurance the following day – which would have been still within the 14 day cooling off period – but this did not happen.

It is because of this that I consider that Be Wiser should recalculate Mr L's policy cancellation back from the date he provided the correct details to it, 20 March 2013, which was within the 14-day cooling off period. The pro-rata cost of the time insured should be calculated and deducted from Mr L's deposit payment along with Be Wiser's arrangement fee of £35. The remaining balance should then be refunded to Mr L together with interest at an annual rate of 8%.

Mr L will have been caused distress and inconvenience by being contacted about the outstanding balance on the policy, both by Be Wiser and the debt collection agency. I therefore agree that an additional payment of £100 should be made to him to reflect this.

my final decision

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

- recalculate the pro-rata cost of the insurance provided to Mr L using a cancellation date of 20 March 2013;
- deduct this figure along with the £35 arrangement fee from Mr L's £235.55 deposit payment;
- refund the balance to Mr L along with interest on this amount at an annual rate of 8% simple from the revised cancellation date to the date of settlement;
- ensure any related recording of the debt with credit reference agencies is removed;
- pay Mr L £100 for the distress and inconvenience caused by the matter.

If Be Wiser considers it has to deduct tax from the interest element of my award, it should send Mr L a tax deduction certificate when making payment, which he can use to reclaim the tax, if he is entitled to do so.

Cathy Bovan
ombudsman