

complaint

Mrs B has complained on behalf of her son Mr B about 1 Answer Insurance Services Ltd. He isn't happy that his claim under his car insurance policy was turned down.

background

Mr B took out his car insurance policy through his broker 1 Answer. When his car was stolen in May 2018 his insurer turned down his claim. The insurer said that Mr B didn't have an insurable interest in the car. And that it wouldn't have insured Mr B had it have been aware that the car was registered with a finance company, that Mr B's brother had taken the finance through his work and that it was a short term lease. So Mrs B complained to 1 Answer and then this service.

Our adjudicator looked into things for Mr B. He was of the view that the complaint should be upheld. This was because he thought 1 Answer asked three questions at the same time in relation to car ownership and use. And because he was satisfied that Mr B made it clear that he leased the car through his brother's work on a short term lease. So he thought 1 Answer should meet Mr B's claim; pay him £250 compensation for the stress he has faced; and to ask the insurer to remove any entries in relation to the cancellation from any internal or external databases.

As 1 Answer didn't agree the matter has been passed to me for review.

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 think that the complaint should be upheld. And I'd like to explain why.

Mr B's home address was broken into and his car was stolen after thieves forcibly got his car keys from the family safe. His claim was turned down for the reasons outlined above. But Mr B said that he did have a financial interest in the car as he was paying for it by standing order (which he has evidenced); he was just doing this through his brother as he was able to get a favourable deal through his brother's employer.

As outlined by the adjudicator Mr B made it pretty clear to his broker (1 Answer) that his car was a lease car when he took out the policy. I say this as he talked about the fact that his brother works for a particular car manufacturer and so he gets this type of car for a lot less than you usually would. And he suggested that he expected to change the car after six months. As his broker I'd expect 1 Answer to pick up on the information Mr B provided and give him professional advice, especially as he was already fully insured elsewhere and it was looking to tempt him to bring his business across to them mid-term.

The insurer says that it wouldn't have insured Mr B in these circumstances. But is clear that Mr B gave 1 Answer sufficient information to advise him about this. Indeed, I note that Mr B spoke to a manager at this time who said that he would happily waive any admin charge related to a change of vehicle after six months. And I think the conversation should've prompted the manager to probe a little deeper about Mr B's circumstances. So I'm satisfied that Mr B gave sufficient information to his broker but the questions asked of him weren't detailed enough.

Furthermore, I would expect questions asked of Mr B to be clear and I don't think the questions around ownership, registration and usage were. I say this as 1 Answer asked about all three things in one question and Mr B says that his focus was on the last part of the question in answering that he was the main user, which he was. I note that 1 Answer has changed the way it asks these questions since this claim and it now asks about all three things as separate questions which is good to see. But it should've done this at the time Mr B took his policy out. I'm satisfied that had it have asked three separate questions at the time that Mr B would've understood each question, answered correctly and they could have advised him accordingly.

Finally, I would've expected 1 Answer to go through all aspects of Mr B's cover within the final inception call. Unfortunately it hasn't been able to provide a copy of this call as it had a problem with its phone systems that day. So I can't be sure what was discussed. But I think it's only fair, given what I've outlined above, that Mr B should be given the benefit of any doubt about this.

So, the fair and reasonable thing to do, in the particular circumstances of this case, is for 1 Answer to put Mr B back into the position he would have been, but for its error, and pay the equivalent of his claim. I also agree that Mr B should be paid £250 compensation for the clear stress and inconvenience he's had to face. 1 Answer should also ask the insurer to remove any entries in relation to the cancellation from any internal or external databases and provide a letter explaining that it cancelled his policy in error.

my final decision

It follows, for the reasons given above, that I uphold this complaint. I require 1 Answer Insurance Services Ltd to pay the equivalent claim as if Mr B was insured at the time of the traumatic theft plus £250 compensation. And ask the insurer to remove any entries in relation to the cancellation from any internal or external databases and provide a letter of explanation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 10 October 2019.

Colin Keegan
ombudsman