

complaint

Mr E complains that Be Wiser Insurance Services Ltd cancelled his motor insurance policy without informing him.

background

Mr E took out the policy online on 8 August 2016. He paid the full premium for the year. He got an email that day with the insurer's policy summary and statement of fact. The summary said the insurer -or its intermediary - could cancel the policy at any time by giving seven days notice. It said the notice would be sent by recorded delivery.

Be Wiser tried to call Mr E that day to check the details he'd given online were right. As it couldn't get through, Be Wiser sent a letter to him by post and by email. It said the policy would be cancelled in seven days if Mr E hadn't spoken with Be Wiser. Mr E didn't get the letter or the email. Be Wiser tried again to call him, but Mr E doesn't answer calls from unknown numbers. The policy was cancelled on 16 August 2016. Mr E didn't see Be Wiser's last email until 23 August 2016. Between those dates he drove uninsured.

Our adjudicator thought there was nothing online to alert Mr E to the fact that he had to speak to Be Wiser to avoid cancellation. And she thought he could rely on the insurer's statement that any seven-day notice would be sent to him by recorded delivery. The adjudicator said Be Wiser should only charge Mr E for the time he'd been insured. That meant he was due a refund, plus interest. She also thought it should pay him £100 for the distress caused to him and remove any record of the cancellation.

Be Wiser said it had made every effort to contact Mr E in good time. It said it wasn't required to send letters by recorded delivery. And it said it had reduced its cancellation charge as a gesture of goodwill.

As there was no agreement, the complaint was 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.

I can see why Be Wiser thinks it acted reasonably in cancelling the policy, given that it made many failed attempts to contact Mr E first. It doesn't see how it could have done more.

The problem is that Mr E believed his policy had been fully set up online. There was nothing in the process to alert him to Be Wiser's need to verify the details he'd given. He'd paid the full price of the policy and he didn't think he'd be contacted again - except to be given the policy documents. The first email Be Wiser sent to him included policy documents. Mr E didn't expect any more contact from it. The policy summary he got said the insurer *and its intermediary* would give seven days notice of cancellation by way of a recorded delivery letter. Mr E had no reason to think the policy might be cancelled. But he'd been told if the issue arose, he'd get a letter - or at least notice of an attempt to deliver one.

Be Wiser tried to contact Mr E by calling him the same day. It's unfortunate that Mr E didn't take the calls, either on that day or later in the week. But I don't think it's all that unusual for consumers to ignore calls from unknown numbers.

Be Wiser can show it sent a second email and a letter to Mr E that day referring to the cancellation. It isn't clear why he didn't get them. If a business can show it sent letters to a consumer, we usually don't blame it if the correspondence isn't received. But in this case, on balance I don't think it would be fair and reasonable to rely on that approach.

I don't think Be Wiser managed Mr E's expectations properly, given the online process and the content of the first email it sent on 8 August 2016. That email could have advised him to make contact with Be Wiser in order to avoid cancellation. Especially as the policy summary Be Wiser had issued said something quite different about it. The online process could also have referred to Be Wiser's requirement. Or the letter could have been sent by recorded delivery. Be Wiser could then have relied on that, whether Mr E got the letter or not.

I think Mr E was genuinely shocked to find the policy had been cancelled. Given the payment he'd made and the documents he'd got, he just couldn't understand it. And he was horrified to think he'd been driving round uninsured for several days with his family in the car. Fortunately, nothing adverse occurred, but I think it's clear why Mr E was so upset. Since he could have been spared that experience if Be Wiser had acted differently, I think it would be reasonable for it to pay Mr E a modest sum in compensation.

my final decision

My final decision is that I uphold this complaint. I require Be Wiser Insurance Services Ltd to do the following:

- Calculate the charge for the period Mr E was covered by the policy and refund any additional sum he's been charged
- Add interest to the sum above at the simple yearly rate of 8%, from the date of cancellation to the date of settlement
- Arrange for any record of the cancellation to be removed from all databases
- Pay Mr E £100 compensation

HM Revenue & Customs requires Be Wiser to take off tax from the interest. It must give Mr E a certificate to show how much is taken off if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 26 June 2017.

Susan Ewins
ombudsman