

Complaint

Mr C is unhappy that his no claims discount wasn't accepted by Policywise Ltd after buying a policy on-line under one of its trading styles. And he's also unhappy that he has been charged fees to cancel his policy. I've referred to Policywise throughout this decision for the sake of ease.

Background

On 16 April 2019 Mr C used a price comparison site to find car insurance quotes. The process required Mr C to input how many years no claim discount (NCD) he had and where this NCD was earned. So, he entered his 3 years NCD and indicated this was earned outside the UK.

The site then produced a list of providers and quotes. Mr C chose Policywise and was taken to its website where he says he was asked to confirm how many years NCD he had, but wasn't asked where this was from. Mr C bought the policy and paid Policywise a £350 deposit.

Policywise sent Mr C a welcome pack on 16 April 2019. And on 23 April 2019 it asked Mr C for proof of his NCD. Mr C emailed this to Policywise on 26 April 2019; the same day it fitted a telematics box to his car, as part of the terms of his policy.

Mr C called Policywise on 01 May 2019 for an update. From the phone call Policywise realised that it did receive the email with the NCD information from Mr C, but one of its advisors had initially missed it. However, when it went through the email, it realised Mr C's NCD was earned outside the UK – something the policy insurer didn't accept. Because of this Policywise told Mr C that he would either need to cancel the policy or pay an additional premium of £999.

Mr C opted to cancel his policy but wanted a full refund. Policywise said this wasn't possible due to charges and fees for the cancellation of his policy. Mr C wasn't happy with what Policywise told him and complained. He said that he was entitled to a full refund and was unhappy that Policywise didn't tell him that it didn't accept non-UK NCD on its website.

Policywise said that the welcome pack it sent Mr C clearly indicated that it doesn't accept NCD from outside of the UK and it wasn't aware Mr C's was built up outside the UK until it saw Mr C's NCD documents. It said the comparison site had an information box next to the questions about NCD's which says that consumers should call providers to check their criteria. It also said that the fees and charges were made of the following; time on risk (cover), cancellation fee, telematics box fee, and the price comparison site marketing fee.

Mr C wasn't satisfied with Policywise's response so brought his complaint to our service.

I sent Mr C and Policywise my provisional decision on 22 April 2020. I explained why I was intending to uphold Mr H's complaint. I've copied the relevant part of my provisional decision below for the sake of clarity:

My provisional decision

In my provisional decision, I said:

I'm aware Policywise have said that the price comparison site used for Mr C's quote indicated he should have called them about their NCD criteria. But Mr C eventually bought his policy through Policywise's website. So, I will be looking at what information Policywise provided Mr C when he came to its website. And the documentation Policywise provided.

I appreciate on the comparison site there was a pop up about the fact some businesses don't accept non-UK NCDs. But if this was key to whether Policywise offered Mr C the policy or not, I think Policywise needed to make it clear to Mr C when he entered its process.

Under the rules covering the sale of general insurance. Policywise needed to provide Mr C with sufficient information to make an informed decision about the policy before he agreed to buy it. And this information needed to be clear, fair and not misleading.

So, I've carefully considered whether Policywise made it clear to Mr C that it didn't accept a non-UK NCD before he bought his policy with them. And from what I can see I don't think it did.

Mr C said that Policywise's website didn't ask him about where his NCD came from – he said it only asked in him in general terms if he had 3 years NCD. Having personally reviewed the quote process as it currently appears on the Policywise's website, I can't see any information suggesting that foreign NCDs aren't accepted. Whilst I recognise it's possible that the information provided has changed within the last year, this does tend to support Mr C's account that he wasn't told this. So, I think it's most likely he didn't receive this warning online. So, I don't think Policywise fulfilled its obligation to provide Mr C with clear, fair and not misleading information at this point. And I'm not satisfied that it put him in a position to make an informed decision about the policy he was buying.

I've then considered what Mr C would have done had he known that Policywise didn't accept non-UK NCD. I think it's clear from what Mr C has told us and the fact he asked to cancel the policy once he found out, that he wouldn't have gone ahead and bought the policy if he'd known this. And so, it follows, he wouldn't have incurred any of the charges and fees. But this isn't the only thing to consider.

Although I don't think Mr C should have been in the position of having purchased the policy. I still need to consider what happened after this to decide the fair and reasonable outcome to his complaint.

Mr C received a welcome pack from Policywise on 16 April 2019. The welcome pack clearly stated that Policywise didn't accept non-UK NCD and explained that should there be anything wrong that he should call Policywise immediately. I think at this point Mr C should have been aware that having a non-UK NCD was likely to be an issue and I think he had an opportunity at this point to contact Policywise and cancel the policy, but he didn't. And because of this, the telematics box was fitted to his car on 26 April, which meant Policywise

incurred a cost of £106.36. Had Mr C called Policywise when he received the welcome pack at any point before 26 April, I think it's likely the policy would have been cancelled at this point and Policywise wouldn't have incurred the cost of installing the telematics box.

So, while I think Policywise made the initial error by not making it clear enough it didn't accept non-UK NCD before Mr C took out his policy, Mr C did have the opportunity to contact it about this before he had the telematics box fitted. Therefore, I think it's reasonable for Policywise to keep the money to cover what this cost. And I'm satisfied from what it's said it did cost £106.36. I also think that Policywise is entitled to deduct the cost of removing the telematics box. But it should only charge what it actually costs to have it removed, as opposed to the fee it normally charges. Unless, of course, it can show the fee is what it actually costs.

And I think Mr C should also pay for the cover he received from the insurer, as he has had the benefit of the policy for the period that it was in place. But I think this should be based on his original policy premium which was inclusive of his three-year NCD, as this is what he'd probably have paid for a suitable policy elsewhere if Policywise had made the NCD issue clear to him when he bought the policy.

But I don't think Policywise should be allowed to charge any other fees or deduct any other amounts, as Mr C only ended up with the policy because it failed in its obligations to him when he bought the policy. And he wouldn't have had to pay any of these amounts if it had made the position regarding non-UK NCDs clear when Mr C bought the policy.

I've considered if Mr C suffered any distress and inconvenience because of Policywise's actions. And I appreciate that Policywise's failure to make the position with non-UK NCDs clear has caused Mr C him some frustration and inconvenience. But I'm also mindful that Mr C could've alleviated some of this if he'd contacted Policywise when he received his welcome letter. And because of this, I don't think it would be fair and reasonable to ask Policywise to pay compensation for distress and inconvenience.

As an aside, if Policywise have recorded or reported Mr C's cancellation on any external or internal databases then this record should be removed, as Mr C shouldn't have been in the position where he needed to cancel his policy.

The response to my provisional decision

Mr C agreed with my provisional decision. Policywise told us they didn't agree with the provisional decision, reiterating that the comparison site indicated to Mr C that he should have called them about their NCD criteria.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

As I said in my provisional decision, I appreciate the comparison site had a pop up relating to the fact some businesses don't accept non-UK NCDs. However, as I also said, I think Policywise needed to make this clear to Mr C when he entered its process.

Policywise also said as Mr C was purchasing a policy from the UK, on a UK website, and with a UK based broker and insurer, he should have questioned why a UK insurer should

accept foreign NCD evidence. I'm not persuaded by this argument – I'll explain why.

As I also set out in my provisional decision, the rules covering the sale of general insurance mean that Policywise needed to provide Mr C with enough information to make an informed decision about purchasing a policy prior to agreeing to buy it. So, I think that the onus was on Policywise to make it clear to Mr C that it didn't accept foreign NCD, not the other way around. And as I've mentioned above, I don't think Policywise made this clear enough to Mr C when he entered their sales process. And this means I don't think it fulfilled its obligation to provide Mr C with enough information to make an informed decision or its obligation to provide him with clear, fair and not misleading information,

Overall, I haven't seen any further information that changes my mind on the fair and reasonable outcome to this complaint as set out in my provisional decision.

My final decision

For the reasons I've explained above and in my provisional decision, I uphold Mr C's complaint and require Policywise Ltd to do the following:

- Refund Mr C £350 - less £106.36 for installing the telematics box, less the actual cost of removing it, and less the cost of providing cover to Mr C for the period it was in place based on his original policy premium, inclusive of his three year no claims discount.
- Remove any external or internal record or report of the cancellation of Mr C's policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 7 June 2020.

Matthew Hamlyn
Ombudsman