

## **complaint**

Mr C complains that Be Wiser Insurance Services Ltd brought about the unfair cancellation of his motor insurance policy.

## **background**

Be Wiser acted as an intermediary between Mr C and an insurer. Mr C complained when it told him his policy was cancelled.

The adjudicator recommended that the complaint should be upheld. He concluded that Be Wiser should pay compensation for the distress and inconvenience caused by its handling of the policy. He said that it had made errors in its file and sent incorrect letters. The adjudicator recommended that Be Wiser should:

1. reimburse Mr C any money charged over and above the time on risk amount. This would include a cancellation fee and any commission charged;
2. add 8% simple interest to the above refund from date of cancellation to date of refund;
3. pay Mr C £100 for the distress and inconvenience caused.

Be Wiser disagrees with the adjudicator's opinion. It says that it passed on to the insurer all the information Mr B gave it. Mr C cancelled the policy, so he does not have to disclose the cancellation to future insurers, it says.

## **my findings**

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

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Mr C had an accident in December 2012.

Mr C says that – when he rang about a new policy a couple of months later - he told Be Wiser that his previous insurer had said its policy had been void because he had not disclosed modifications of his previous vehicle. Be Wiser accepts that he told it about the avoidance. It says he mentioned only a modified air filter – not other modifications. But Be Wiser has not provided recordings or notes of Mr C's call. So on balance I accept that Mr C told it about all the modifications to his previous vehicle.

Be Wiser found him a policy with a new insurer. From the policy documents, I see that the cost was about £1,265 for the insurer and about £35 for Be Wiser.

From the amended policy documents I find that Mr C accepted additional premiums for the undisclosed and unsuccessful claim on his void policy and for a change of vehicle.

The insurer contacted Be Wiser with concerns about the avoidance of the previous policy. I have seen the insurer's email as follows:

*“We have now spoken to [previous insurer] who confirm the policyholder has not just non disclosed one modification 'Air Filter' he actually non disclosed a large number of modifications. Also he gave an explanation claiming he disclosed all the modifications to the insurer over the telephone. This was also investigated and found the policyholder had taken the previous policy out via the internet and had non disclosed all mods.”*

The insurer instructed Be Wiser to cancel the policy.

Be Wiser wrote to Mr C in late April and again in mid- May to give him seven- day notices of cancellation. I consider that some of its letters were confusing. They did not make clear that the insurer had asked for an explanation of what it regarded as an incomplete disclosure of the modifications of the car he had in December 2012.

And I find this lack of clarity consistent with Mr C's complaint that Be Wiser had not passed on to the insurer all the information he had given it about those modifications.

Be Wiser only waited one day after the second seven-day notice before it wrote a letter saying that his policy had been cancelled with immediate effect. Be Wiser says that this was because Mr C had told it that he had arranged a replacement policy. On balance I find that this is likely to be what happened.

I consider Be Wiser was responsible for the miscommunication leading to the cancellation.

Therefore – although I have noted its terms of business - I do not find it fair or reasonable for Be Wiser to take 30% of the insurer's £1,355.74 refund of premium. I will order it to send Mr C a statement of debits (comprising only of premium and additional premiums) and credits (including the £1,355.74). I will order it to pay any refund due to Mr C with interest at our usual rate).

I do not doubt that the shortcomings in Be Wiser's service caused Mr C trouble and upset. I agree that £100 is fair and reasonable compensation for this.

### **my final decision**

For the reasons I have explained, my final decision is that I uphold this complaint in part. I order Be Wiser Insurance Services Ltd to:

1. send Mr C a statement of debits (comprising only of premium and additional premiums) and credits (including the £1,355.74) and to refund any resulting balance shown as due to Mr C;
2. pay him simple interest on the amount of any such refund at an annual rate of 8% from 16 May 2013 to the date of its refund. If it considers it has to deduct tax from the interest element of my award, it shall send Mr C a tax deduction certificate when it pays him. He can then use that certificate to try to reclaim the tax, if he is entitled to do so.
3. pay Mr C £100 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr C to accept or reject my decision before 27 February 2015.

Christopher Gilbert  
**ombudsman**