

complaint

Miss T complains that Be Wiser Insurance Services Ltd charged her too much when the motor insurance policy she'd taken out through it was cancelled.

background

Miss T took out the policy on 29 April 2016 for a premium of £4,651.64 plus Be Wiser's placement fee of £290. The policy was cancelled in July 2017. Be Wiser had noted that Miss T hadn't disclosed two fault claims on her record. They meant an increase in the premium payable for the policy. The total price for it – including charges - rose to £7,414.35. Miss T disputed one of the claims. She told Be Wiser she'd sold her car in June 2016.

Be Wiser said the policy would be cancelled as she'd failed to respond to its attempts to contact her about payments due. It said she owed £992.65. Miss T queried that, as she'd paid around £2,000 already. Be Wiser reduced the sum owed to £117.83. It then reviewed that sum. In November 2017 it told Miss T she owed it nothing. Miss T remained unhappy and wanted her deposit returned. Be Wiser declined to do that.

Our adjudicator looked at the figures Be Wiser had provided. The time charged for cover by the insurer was £1,066.93. Be Wiser's charges were £900.93. He noted the two charges Be Wiser had made for the two adjustments to the policy. It was £35 plus 20% of the insurer's premium each time. He didn't think that was proportionate. He said it should reimburse the 20% charges and pay Miss T £50 for trouble and upset.

Be Wiser said we were inconsistent in our decisions about whether its terms of business were fair. It had to chase Miss T about one of the claims, so extra work was carried out. She accepted the higher premiums. Be Wiser set up a payment plan that made it easier for her to make the payments. And it had already reduced its charges by £992.65.

Be Wiser asked for a review of the complaint by an ombudsman.

my findings

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

Be Wiser said it could only apologise that Miss T had cause to complain initially. It had reduced the sum owed by £992.65. It seems that was largely in interest and commission charges. But that doesn't mean the remaining charges must be fair.

Miss T's paid around the same amount in charges as she has for the insurance cover. I think Be Wiser set out its charges clearly, but we also consider whether charges are reasonable. They shouldn't be akin to a penalty for a consumer and should be proportionate to the service it's provided. I don't think £35 plus 20% of the premium for an amendment to the policy sounds proportionate. So it's for Be Wiser to justify it.

Be Wiser's said it had to chase Miss T about one of the claims before she agreed to it. It's clear some extra calls to her were needed. But £35 plus 20% of the insurer's premium is a very high fee. And the same was charged for the other amendment. I can see why Be Wiser didn't think it should have to return Miss T's deposit. But I agree with the adjudicator that it wasn't fair to make the 20% of premium charges for the two amendments.

I also think £50 for trouble and upset seems reasonable. Miss T was initially faced with exceptionally high charges. Although Be Wiser reduced the initial sum it charged, it didn't do so until after she'd made a formal complaint. By that time, her file had been passed to debt collectors. The second reduction wasn't made until after she complained to this service.

Be Wiser says it thinks there's some inconsistency in the views it's had from adjudicators about its charges. I can only comment on this complaint. But I think it's fair to say that each complaint is looked at on its particular facts. That means there may be different outcomes, although the underlying principles will be the same.

my final decision

My final decision is that I uphold this complaint. I require Be Wiser Insurance Services Ltd to remove the 20% of premium charges for the two policy amendments and to pay Miss T £50 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 23 June 2017.

Susan Ewins
ombudsman