

complaint

Mr M has complained about Be Wiser Insurance Services Ltd. He isn't happy that it cancelled his motor insurance policy and is asking for an outstanding premium.

background

Mr M took out motor insurance through a broker, Be Wiser. Mr M paid a deposit at that time and was sent his policy documentation. A direct debit was set up to pay the remaining balance through a finance company.

The matter was complicated by the fact that Mr M added another driver to the policy and breakdown cover. This increased the premium significantly and it appears that Mr M called back and asked Be Wiser to remove the named driver and breakdown cover.

Mr M's premium went up significantly but didn't come down as much as he thought it should when he removed the named driver and breakdown cover. This was partly due to the fact that Be Wiser had added an administrative charge of over £250.

As Mr M didn't pay his direct debits Be Wiser tried to contact him in order to arrange payment and it removed the admin charge at this time. But as Mr M still didn't make payment it went on to cancel the policy and charged Mr M cancellation charges.

Mr M wasn't happy so he complained to this service. Our adjudicator looked into things and decided that Be Wiser should refund some of the cancellation fee it charged and should pay Mr M £75 compensation. This was because it hadn't dealt with Mr M very well and because he thought the cancellation charge, which was high, hadn't been clearly explained to Mr M when he took the policy out.

As Be Wiser didn't agree the matter has been passed to me for a final decision.

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 will explain why.

I do agree that Be Wiser acted reasonably in cancelling Mr M's policy. But it did contribute to Mr M's lack of confidence and trust in Be Wiser when his premium payments didn't appear to go down after he took the named driver and the breakdown cover back off his policy. Be Wiser also applied a heavy admin fee during that process and only removed the fee around the time of cancellation. I agree that this must have caused Mr M a degree of confusion and frustration as the repayment schedule remained higher than it should've been.

Further, Be Wiser's cancellation fee isn't clearly communicated. I can see that our adjudicator had to seek clarification in order to understand the charges. So I agree that Mr M wouldn't have understood the fee he would have to pay in the event the policy was cancelled. Furthermore, I think that Mr M had lost faith in Be Wiser at that time which contributed to his lack of trust and ultimate failure to pay his premium. As such, I agree that the cancellation fee should be reduced and £75 seems reasonable in the circumstances.

So, although I agree that Be Wiser didn't act unreasonably in cancelling the policy I do think it caused confusion and a lack of confidence which contributed to the situation. It only refunded the admin charge (over £250) around the time of cancellation which must have made Mr M suspicious.

As such, I agree that it would be fair to charge Mr M for his time on cover, a cancellation fee of £75 and pay him £75 compensation for the confusion, stress and worry it caused him.

my final decision

It follows, for the reasons given above, that I uphold this complaint. I require Be Wiser Insurance Services Ltd to:

- charge Mr M for his time on cover,
- only charge him a cancellation fee of £75; and
- pay him £75 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 27 July 2016.

Colin Keegan
ombudsman