

complaint

Ms L has complained that Be Wiser Insurance Services Ltd renewed her motor insurance policy without her agreement then charged her when she cancelled it.

background

Ms L's policy was due for renewal. Be Wiser wrote to her twice to say if she wanted to renew she didn't need to do anything as it would continue to take her direct debits. It then confirmed her policy had renewed.

Ms L was unhappy about this and said she'd phoned to cancel it. But Be Wiser said it didn't have a record of her call. So, Ms L wrote to Be Wiser and asked it to cancel her policy. She also cancelled her direct debits.

Be Wiser cancelled Ms L's policy and applied a number of charges which meant she owed it money. Ms L was unhappy with this and brought her complaint to us. I issued a provisional decision on this complaint on 13 July 2016 where I explained why I didn't think Be Wiser had done anything wrong.

The terms and conditions of Ms L's policy say it will automatically renew unless she tells them otherwise. Be Wiser wrote to Ms L twice to remind her of this in the month before her renewal date. Ms L said she phoned to cancel her policy. But Be Wiser provided a screenshot of its system to show it searched for a call and didn't have a record of one. I haven't seen anything apart from Ms L's comments to show she called Be Wiser, so I said it was reasonable for Be Wiser to think she wanted her policy to renew.

After Ms L told Be Wiser to cancel her policy and cancelled her direct debits it wrote to her and tried to contact her by telephone. So, I said Be Wiser did enough to tell Ms L that it was going to cancel her policy and would apply charges. I also said Be Wiser had made a fair and reasonable offer to backdate the cancellation if Ms L was able to show she'd got insurance somewhere else or declared her car SORN (statutory off road notification). But Ms L wasn't able to provide this information.

Be Wiser told Ms L she owed it £404.53. This was made up of £110.16 for the time the policy covered her, £90.09 arrangement fee, £164.14 cancellation charge, £30 direct debit set up fee and £15.01 interest.

I said I thought most of these charges were clear in the terms and conditions of her policy. I also said it was reasonable for her insurer to have charged her for the time it covered her. And I also said it was reasonable that she paid the arrangement fee and direct debit set up fee as it had carried out the administrative tasks.

Ms L's policy says Be Wiser would charge a 20% cancellation fee. I said I thought it could have been clearer as to how it worked this figure out. And I also said it seemed high compared to other policies I'd seen. But Be Wiser reduced the overall charge to £351.69 as a gesture of goodwill and I said that was fair and reasonable.

Neither Be Wiser nor Ms L provided any more comments following my provisional 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'm going to partly uphold it.

In my provisional decision I said it was reasonable for Be Wiser to charge the direct debit set up fee as it had carried out the task. I've reviewed this charge and haven't seen anything to show this was necessary, given that the direct debit had continued from the previous year. So, I think Be Wiser should remove this £30 fee.

I've also reconsidered the other fees. I think it's fair for Be Wiser to charge Ms L a reasonable amount that's in proportion to the work it's done. In this case I don't think it did. I think it would be reasonable for Be Wiser to charge Ms L a £75 administration fee and a £75 cancellation fee. So, I think Be Wiser should reduce the amount Ms L owes it.

I think it's reasonable for Be Wiser to have charged Ms L £110.16 for the time her policy provided her with cover, as Be Wiser paid this to the insurer. I also think it's reasonable for Be Wiser to charge Ms L interest on the outstanding charges.

my final decision

For the reasons set out above, I uphold this complaint and require Be Wiser Insurance Services Ltd to:

- reduce Ms L's administration fee to £75;
- reduce the cancellation fee to £75;
- remove the £30 direct debit fee; and
- amend the interest charged so it doesn't take account of the original administration fee, direct debit fee and cancellation charge.

Be Wiser should do this within 28 days of us telling it Ms L has accepted my decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 22 September 2016.

Sarann Taylor
ombudsman