

## **complaint**

Mr T complains that Be Wiser Insurance Services Ltd mis-sold him a motor insurance policy because it sent him a voucher rather than a cheque for his birthday and then charged him too much when he cancelled the policy. He seeks a refund of the deposit he paid and for the cancellation charges to be waived.

## **background**

Mr T's wife, Mrs T arranged a motor insurance policy for him on 7 June 2014 with a deposit of £105.80 due. It was agreed that Mr T would pay £55 of the deposit and the remaining of £50.80 in 14 days time. He arranged to pay the remainder of the premium, £339.57, through a finance company. Be Wiser attempted to collect the £50.80 on 15 June however this was not authorised. On 18 June, Be Wiser received a letter from Mr T querying why it had sent him a £51 birthday voucher instead of a cheque. On 23 June, Mrs T called Be Wiser to say that she had been mis-sold the policy as she was told that she would be able to spend the £51 elsewhere. She also said that she had cancelled the direct debit instruction at the bank for the policy and was not prepared to pay the outstanding half of the deposit, £50.80. The policy was subsequently cancelled.

The adjudicator recommended that the complaint should be upheld in part. He thought that Be Wiser's representative had explained that a £51 voucher would be sent for Mr T's Birthday, but he thought that the amount charged upon the cancellation of the policy was unreasonable. Be Wiser sought payment of £154.14, less the £55 deposit already paid, and it did agree to reduce this to £62.27 after the intervention of this service. The adjudicator recommended that Be Wiser further reduce the fee by not charging for a percentage of the insurer's return premium as this was not clear in the policy.

Be Wiser responded that it considered its cancellation charges to be reasonable.

## **my findings**

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

I can understand that Mr T was disappointed to receive a voucher from Be Wiser rather a cheque on his birthday. However, I have looked at its records and I find that Mrs T must have misunderstood what was offered during quite a long conversation with Be Wiser's agent. I find that the agent followed Be Wiser's script and said,

*"On your birthday, we will send you a Be Wiser Birthday Voucher to the value of your age. You can use the total value of this voucher for any additional policies with us, or give the voucher to a family member or friend to use against any additional policies with us. Alternatively, you can use half of the value of the voucher against your renewal next year".*

I find therefore that Mrs T was clearly promised a voucher and therefore I find that Be Wiser has not made an error.

Mr T also complains about the cancellation charges that Be Wiser has applied. This service's approach is that cancellation charges can be applied to a policy providing they are fair and proportionate reflecting the service provided. The charges initially made by Be Wiser were:

Charges for time on cover 7 June – 25 July 2014 £45.98

Set up fee £40.00

Instalment charge £8.07

20% of insurers return premium £60.09

Total £154.14

Amount Paid £55.00

Balance due £99.14

After the adjudicator's intervention, Be Wiser agreed to reduce the percentage of the insurer's return premium from 20% to 10%. I find the other charges to be fair and reasonable as Mr T should pay for his time on cover and reasonable charges, and I therefore do not require Be Wiser to return Mr T's deposit.

However, I find that Be Wiser has not explained what would qualify for the possible different percentage charges that could apply to the insurer's return premium and for this reason it is not clear what would be charged on cancellation. I find therefore that I am not satisfied that Be Wiser's offer goes far enough and I find that the percentage of return premium should not be charged at all. This means that I find that Be Wiser should charge Mr T £94.05 less his paid deposit £55, making a balance owing of £39.05.

### **my final decision**

For the reasons above, it is my final decision that I uphold this complaint in part and I require Be Wiser Insurance Services Ltd to charge Mr T £39.05 for the outstanding balance due following the cancellation of his policy.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr T to accept or reject my decision before 9 February 2015.

Phillip Berechree  
**ombudsman**