

## **complaint**

Mr M complained that Be Wiser Insurance Services Ltd unfairly increased his premium under his motor insurance policy. His father made the complaint with him.

## **background**

When Mr M took out his policy in July 2015 he had a provisional licence. About a week later, he passed his test and got his full driving licence.

Be Wiser didn't realise this until about March 2016. Because premiums are usually higher for a newly qualified driver than a learner driver, this increased Mr M's premium. But Be Wiser agreed that they'd made a mistake in not noticing earlier that he'd got a full licence, so they didn't ask him to pay any extra for the time between July 2015 and March 2016. But they did want him to pay more from March 2016 onwards. They gave Mr M the option in March 2016 to cancel the policy or continue with the policy at the new, higher premium and they reduced that premium by £100 because of their mistake.

They said that Mr M wouldn't cancel the policy or pay the higher premium, so they had to carry on insuring him until the policy expired in July 2016.

Mr M wasn't happy. He said that Be Wiser told him when he took out the policy that passing his test would mean barely any change to his policy premium. He didn't want to have to pay any more.

Mr M's father made the calls to take out the policy for Mr M, and he has complained to Be Wiser, and to us, on his son's behalf. The complaint has been treated as being from them both.

The adjudicator recommended that their complaint should be partially upheld. He accepted that Be Wiser didn't have any power to set the premium due under the policy, as that was up to the underwriter. And he felt they'd acted fairly in not backdating the premium increase to July 2015 when Mr M got his full licence.

He also agreed that Mr M should pay Be Wiser the extra premium for the period March to July 2016, because although Be Wiser gave him the option in March to cancel or continue, Mr M didn't get back to Be Wiser until June when he said then that he wasn't going to pay any extra. But he didn't cancel the policy, and Be Wiser couldn't cancel it without his OK.

But the adjudicator felt that Mr M had been prejudiced because, if Be Wiser had noticed the licence change earlier, Mr M would have been able to look for cheaper alternative insurance as a driver with a full licence, and could have cancelled his Be Wiser policy earlier.

So the adjudicator wanted Be Wiser to pay Mr M the sum of £400 in recognition of the trouble and upset they'd caused him, in other words pay him and additional £300 as well as the £100 premium reduction they'd offered.

Be Wiser disagreed and so his complaint was passed to me to decide. I issued a provisional decision on 11 July 2017 saying that I didn't intend to uphold the complaint.

Be Wiser didn't have anything to add. Mr M and his father didn't agree. They still felt that the evidence supported their view. Mr M's father showed us he'd made several telephone calls to Be Wiser in March 2016.

## my findings

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

It's not in dispute that Be Wiser agreed that they had made a mistake in not realising earlier that Mr M had a full licence so I don't go into the details of that.

Mr M's father took out the policy by phone. He said that Be Wiser told him there would be barely any change to the premiums if his son Mr M passed his test, which was imminent. However I've listened to that call. Mr M's father did say his son's test was coming up, and Be Wiser said that it could affect the premiums, but that if he passed within 14 days he might be able to cancel as that would be within the cooling off period.

Be Wiser also wrote to Mr M on 22 July 2015 about his new policy. That letter said:

### *"Important Notice In Respect to Driving Licences*

*We note that you or a named driver on your policy does not have a Full UK licence. You should be aware that should there be an alteration in the status of the drivers licence, then your Insurance Company need to be advised immediately. This may change the premium being charged and could result in a return of premium or an additional premium."*

So I thought that Mr M should have been aware that his premium might increase when he passed his test.

It's not in dispute that Be Wiser did know, or should have known, that Mr M had got his full licence. However even if they had known about it within the 14 day cooling off period, and Mr M had cancelled his policy then, it's likely that he would have had to pay a higher premium with another insurer, as he had a full driving licence by then and premiums for new driver are often higher than those for provisional drivers. But as it was, Mr M paid from July 2015 to March 2016 at learner driver rates.

Be Wiser gave Mr M the chance to cancel or continue in March but say that they didn't hear from him until Mr M's father contacted them in June, to say that he didn't want to renew the policy. But he didn't cancel it then either. Mr M's father says he thought that Be Wiser would simply cancel the policy from then but, in any event, his son's car was off the road so didn't need insurance.

Instead Mr M's father paid for Mr M to be a named driver on his father's policy, and wanted to be compensated for that. However Be Wiser say they didn't know at the time that Mr M's car was off the road. When they found out later, they did ask their underwriter if they could waive any period for which Mr M could prove his car was off the road, but the underwriter didn't agree to this.

Be Wiser felt that Mr M had not been disadvantaged as a result of their mistake because he'd been paying a lower premium than he should have from when he passed his driving test until March 2016 and he could have cancelled his policy at that point but chose not to. So they felt that the suggested compensation of £300 (in addition to the £100 reduction in premium they'd offered) was unfair.

I saw that the situation had been inconvenient for Mr M and his father. However I thought that, because Be Wiser were not asking him for any more premium for the period July 2015 to March 2016, it was likely that Mr M was being insured then at a premium lower than he would have had to pay elsewhere as a new driver. And as he did have the option to cancel then, at a rate based on the premium he was paying then, I didn't think that he had lost out because of their mistake. I also thought that the £100 Be Wiser offered to reduce the amount he owed them did fairly reflect any inconvenience he has experienced as result of what's happened, and so I didn't ask Be Wiser to do anything else.

Since my provisional decision, Mr M's father told us that he'd had several calls with Be Wiser in March, and the adjudicator has investigated those. Be Wiser don't have recordings of those calls but they have given us their file notes of the calls they had with him over that period. He says they didn't give him the option to cancel the policy, but their file notes suggest that they did offer this, but that he did not take them up on it. So I don't see any reason to change my provisional decision and I don't ask Be Wiser to do anything else.

### **my final decision**

For the reasons I've given above and in my provisional decision it's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and his father, also Mr M, to accept or reject my decision before 30 October 2017.

Rosslyn Scott  
**ombudsman**