

complaint

Mr G has complained that Be Wiser Insurance Services Ltd provided incorrect information to the underwriter of his motor insurance policy, causing it to be cancelled.

background

Mr G bought a motor policy through a broker, Be Wiser. He said he explained in the initial sales call that he had seven years No Claims Bonus (NCB) which he'd accrued under a trade policy. Be Wiser told him it couldn't accept his NCB. Mr G says he asked if it could arrange a policy based on having no NCB. Mr G says he had a further call with Be Wiser where it agreed he could buy this policy on the basis of no NCB. But if no claim was made under his policy for a year, Be Wiser would be able to apply seven years NCB to a policy after the year was up. So he bought this policy. However Mr G's policy was set up on the basis he had seven years NCB.

A week later Mr G called Be Wiser as he hadn't received his policy documents. Be Wiser realised it had the wrong email address for Mr G, even though it said it posted his documents to him too. It resent his policy documents to him by email

However, the underwriter had contacted Be Wiser three days earlier as it couldn't verify Mr G's address. So it asked Be Wiser to send it Mr G's driving licence and proof of his NCB. Be Wiser wrote to Mr G on the same day and gave him seven days to provide this information, or his policy would be cancelled. But when he called three days later, Be Wiser didn't mention the letter it had sent three days before – or that his policy would be cancelled in four days if it didn't receive the documents it had asked for.

The underwriter didn't receive the documents it asked for – so Mr G's policy was cancelled. A week later Be Wiser emailed Mr G to confirm the cancellation from a week before. Mr G received this while he was on holiday abroad.

Mr G complained to Be Wiser. He said he didn't receive its letter asking him for documents. So he had no idea his policy was going to be cancelled. He wanted the cancellation removed from his record as Be Wiser wrongly told the insurer he had seven years NCB. So he couldn't have provided proof of his NCB anyway.

Be Wiser said it hadn't done anything wrong. It wrote to him asking for documents which the underwriter needed. As Mr G didn't provide them, his policy was cancelled. It asked the underwriter if it was prepared to remove the cancellation, but they said no. Be Wiser offered to provide Mr G with a letter confirming the cancellation wasn't due to misrepresentation or fraud. Mr G received a full refund of his premium, including the days he was insured for.

Mr G remained unhappy, so he brought his complaint to us. He said the premium Be Wiser quoted him for an alternative policy was much more. He believed this was due to the cancellation. He said Be Wiser had caused him a lot of distress by its actions. He was unhappy that Be Wiser couldn't locate the recordings of all the calls he had with it. He believed the policy had been mis-sold to him as the underwriter asked him to provide proof of his NCB.

Our adjudicator recommended Mr G's complaint be upheld in part. Be Wiser were acting as an agent for the insurer. Under the insurer's terms of the policy, Mr G should have been sent a letter by recorded delivery warning him his policy would be cancelled. Be Wiser sent the cancellation notice letter by standard post.

It knew three days later that Mr G hadn't received his policy documents. So by providing him with his policy documents without mentioning anything else – Be Wiser hadn't been reasonable to Mr G. It had missed an opportunity to alert Mr G to the outstanding information it needed which could have prevented the cancellation.

It didn't contact him again until a week after the cancellation date to tell him he was no longer insured. So the adjudicator didn't think Be Wiser had done enough to follow the cancellation process in line with Mr G's policy. The insurer had confirmed it hasn't recorded the cancellation as an enforced cancellation on any database. So the adjudicator recommended Be Wiser;

- Pay compensation of £250 for the trouble and upset Mr G was caused.
- Provide a letter to Mr G to say the policy was cancelled as a result of its error.
- Remove any record to the cancellation from its files.

The adjudicator didn't agree the policy had been mis-sold to Mr G on the basis the insurer asked for proof of his NCB. Although Be Wiser can't locate the call recordings, the insurer was entitled to ask for proof to verify where Mr G lived. So Be Wiser was correct to say the insurer cancelled his policy due to not receiving verification documents.

Mr G accepted the adjudicator's view. Be Wiser didn't agree. It says;

- It isn't required to send a cancellation notice to Mr G by recorded post. Only the insurer is required to do that if the insurer cancels the policy.
- It acted reasonably by providing Mr G with a full refund. This meant Mr G was insured for 12 days but didn't pay for this cover. So it doesn't agree it should pay him any further compensation.

So the matter has been passed to me to decide.

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 intend to uphold it.

The underwriter for the insurer of Mr G's policy asked Be Wiser to request Mr G's driving licence and No Claims Bonus from him within seven days. If it didn't receive them, it would cancel his policy. As it didn't receive the documents it asked for, the cancellation request by the underwriter was reasonable. It was entitled to ask for his driving licence as it couldn't verify Mr G at his address.

Be Wiser wrote to Mr G the same day giving him seven days notice to cancel if he didn't send it the documents the underwriter asked for. I think it's clear that Be Wiser was an acting agent for the underwriter. So it follows that Be Wiser should have correctly followed the cancellation process as set out in the terms of Mr G's policy.

Mr G's policy says the underwriter may cancel his policy by giving Mr G seven days notice in writing sent by recorded delivery to his last known address. Be Wiser says it sent the cancellation notice letter by standard post. So I don't think it did enough to notify Mr G of the cancellation. Mr G says he didn't receive this letter.

Be Wiser also says where it wrote to Mr G, it also emailed him. But we know that Be Wiser didn't have the correct email address for Mr G when it wrote to him giving him seven days notice of cancellation. We know this because Mr G called three days after Be Wiser sent its cancellation notice to him. The reason for Mr G's call was because he hadn't yet received his policy documents. I think Be Wiser should have checked he'd received its letter – or mentioned to Mr G that his policy would cancel in four days time – unless it received his driving licence and proof of his NCB. But it didn't - and I think this was unreasonable of Be Wiser.

We usually expect a broker or insurer to let a customer know at the time when the policy cancels. This is in addition to a seven day cancellation notice - because of the serious consequences of driving uninsured. But Be Wiser didn't write to Mr G to tell him his policy was cancelled until a week after the cancellation date. Mr G was abroad at the time – but this doesn't detract from the fact that his car was no longer insured.

Mr G received Be Wiser's letter confirming the cancellation of his policy by email while he was on holiday. Although Be Wiser provided a full refund, this isn't something Mr G ever asked for. He believes Be Wiser's actions caused his policy to be cancelled. He believes what he has to pay for another comprehensive policy is much more due to the cancellation. He says he's currently insured on a third party basis.

It's not for me to look at what other insurers might charge Mr G to provide insurance for him. But I think it's worth mentioning that it's reasonable to expect his premium to be more - as this policy premium was based on Mr G having seven years NCB. This wasn't correct as Mr G said in an earlier call to Be Wiser that his NCB was accrued under a trade policy. Be Wiser had told him it couldn't accept this. A recording of this call was provided to the underwriter. But because Be Wiser can't locate any subsequent call recordings, I can't safely conclude how Mr G's policy came to be written with seven years NCB.

Taking everything into account, I think Be Wiser didn't act reasonably when it carried out the cancellation of Mr G's policy. So I don't think a full refund is enough to fairly compensate Mr G for the trouble and upset caused. I think a fair outcome is for Be Wiser to pay Mr G £250 compensation. It should provide a letter to Mr G confirming the cancellation was done in error and remove the cancellation from any database it may have recorded it under.

my final decision

For the reasons I've given above, my final decision is that I uphold this complaint and I require Be Wiser Insurance Services Limited to do the following:

- Pay Mr G £250 compensation for the trouble and upset caused.
- Provide a letter to Mr G to say the policy was cancelled as a result of Be Wiser's error.
- Remove the cancellation from any database it might have recorded it under.

Be Wiser Insurance Services Limited must pay the compensation within 28 days of the date on which we tell it Mr G accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 12 May 2017.

Geraldine Newbold
ombudsman