

complaint

Mr D complains that Moneywise Investments Plc mishandled his commercial vehicle insurance.

background

Moneywise acted as an intermediary between Mr D and an insurer. He took out a policy for his mini-cab. He complained that Moneywise said he had to pay an additional premium and – after he cancelled the policy – it refunded him too little, too late.

The adjudicator did not recommend that the complaint should be upheld. She concluded that Moneywise had acted reasonably when dealing with the cancellation. She said that it only applied a £100 fee and had no control over the calculations and deductions made by the insurer.

Mr D disagrees with the adjudicator's opinion. He says, in summary, that he rang Moneywise many times and it should have refunded more money more quickly.

my findings

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

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Moneywise quoted – and Mr D paid - about £3,000. From what it has said I find it likely that it expected to receive about £375 in commission from the insurer.

From the statement of facts, I accept that Moneywise asked Mr D a reasonably clear question as follows:

*“Have you or any person who will drive
...been involved in an accident or loss regardless of blame in the last five years or
had any motor vehicle stolen or suffered any loss by theft including vandalism of or
from a motor vehicle in the last five years, whether or not a claim was made?”*

And the statement of facts records the answer “NO”. So – despite what he says – I find it likely that Mr D told Moneywise that he had not been involved in any such accident.

I am not satisfied that this was correct. Mr D accepts that he had been involved in a previous claim. And as it was only about a year previously, I do not consider that he took reasonable care in giving his answer.

I have seen a copy of a letter from Moneywise. It said that it enclosed “Fca documents”. I take this to mean its terms of business in line with Financial Conduct Authority rules. I have seen the Moneywise terms of business including the following:

“Refunds

Where a policy is cancelled before renewal, insurers charge to cover their costs, with the balance refunded to you, subject to no claim having been made. Full details will be available in your policy...

Your attention is specifically drawn to the following:-

Where you cancel your policy after the expiry of the cooling off period ..., we reserve our right to charge you for our time and costs. This will usually result in us reducing the amount refunded by the FULL amount of the commission and fees we would have received had you not cancelled. The reason for this is that the majority of our costs are incurred either in initially finding and setting up your policy or in the annual renewal process ... These costs are recovered through the commission we earn. If you cancel this does not give us an opportunity to recover the costs we incurred and would often result in us making a loss. However, any charge made will not exceed the cost of the commission and fee we would have earned."

Mr D has said:

"I am not in dispute with the post received from moneywise on 11 march 2014 but the fact is these documents for cancellation policy and terms of the business was not included in the pack. I understand you so believe that moneywise has send them on 11 march 2014 according to your opinion and in light with verbal evidence provided by them.

I will still like to considered that they had asked me to sign and return these documents. I have not signed or returned these documents to moneywise because i strongly believed that i was not made clearly about this policy and in terms of the cancellation process. These documents are still with myself and without me agreeing i cannot see how they can proceed..."

I find what Mr D has said contradictory as to whether he did not receive the documents or whether he still has them. On balance I find it likely that he did receive them.

And the Moneywise letter says nothing about signing the documents. So I do not share Mr D's view that he is not bound by its terms of business.

When Moneywise found out about the claim, it told him the insurer would increase his annual premium by about £1,500.

I accept that Mr D asked to cancel his policy. But he says that this was more than three weeks after he took out the policy.

From his telephone records, I can see that there were a number of calls. But I am not persuaded that Moneywise unreasonably delayed the date the cancellation took effect.

Moneywise says that - for about a month on cover - the insurer made a charge of about £650 for premium and commission. It also says that - as a concession - the insurer based that charge on the original premium without the additional premium.

But the deduction of about £650 is still more than twice what I would expect for about one month of about £3,000 premium for twelve months' cover. I find it likely that the deduction included about £370 commission which the insurer clawed back from Moneywise.

From its records I accept that Moneywise deducted a further £100 charge and sent Mr D a cheque for a refund of about £2,300 within about two weeks. I consider that - through no

fault of Moneywise – Mr D did not pay it in at that time. But Moneywise sent him a replacement cheque a few months later.

I keep in mind the terms of business. And I have found that Mr D was careless in answering the question about claims. I consider that this led to the proposed additional premium – and in turn to his cancellation. Therefore I do not conclude that it would be fair and reasonable to order Moneywise to pay more than its refund of about £2,300.

my final decision

For the reasons I have explained, my final decision is that I do not uphold this complaint. I make no award against Moneywise Investments Plc.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr D to accept or reject my decision before 15 May 2015.

Christopher Gilbert
ombudsman