

complaint

Mr O complains as a director of S, a limited company, that Tradewise Insurance Company Limited wrongly charged him an additional premium because it said he'd given incorrect information when buying his motor trade road risks policy.

For ease I'll refer to Mr O rather than company S throughout my decision.

background

Mr O bought the policy through a broker. After he was involved in an accident Tradewise looked into Mr O's circumstances and found information on social media that it said showed he also worked as a DJ and was associated with an events company, which I'll refer to as C. Tradewise said Mr O should have told it about his second job when he bought the policy. It said if he'd given the right information his policy would have cost more.

Mr O said he didn't have a second job and he DJ'd as a hobby. He said he didn't get paid for it.

Tradewise didn't think this was right and retrospectively applied an additional premium to the broker's account, who paid the additional premium on Mr O's behalf. When Mr O refused to pay the additional premium to the broker - and his policy lapsed when it was due for renewal - the broker refused to provide Mr O with a copy of his no claims discount (NCD).

Tradewise said it had provided Mr O's broker with a copy of the NCD so it was up to the broker to release it.

Mr O didn't think this was fair and brought his complaint to us. Our investigator didn't think Tradewise had shown Mr O had given the wrong information when he bought the policy. She also said Tradewise wasn't entitled to charge Mr O an additional premium even if he had given the wrong information. So she said Tradewise should remove the charge against the policy and inform Mr O's broker.

Tradewise didn't agree and asked for an ombudsman's decision. It said the social media information showed Mr O had a second occupation.

I contacted Tradewise to discuss Mr O's complaint. Tradewise said as Mr O's was a commercial policy it could charge him an additional premium if he'd given the wrong information, because the terms and conditions of the policy allowed it to do so.

Mr O said he'd given Tradewise the right information. He said he was a director of a company linked with C until 2014. He provided an email from the owner of C that said Mr O didn't receive any payment from C. I informed Tradewise that on that basis it was likely I'd uphold Mr O's complaint.

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've decided to uphold it.

I understand Tradewise think the broker should have released the NCD to Mr O. But in this complaint I can only consider what Tradewise - and not the broker - might, or might not, have done wrong.

Under the Insurance Act 2015 Mr M had a duty to make a fair presentation of the risk when he bought his policy. That means he needed to tell Tradewise about anything that would affect its decision about whether to offer him a policy and on what terms.

I think a fair and reasonable way for Tradewise to find out the information it wanted to know in these circumstances would be for it to ask Mr O clear questions. Tradewise has provided a screenshot that shows it asked "*Have you any other occupation (Full or Part-time)*". When considering the ordinary, everyday meaning of 'occupation' I think it's reasonable for Mr O to have thought this meant a job rather than a hobby.

I've looked at the information provided by both Tradewise and Mr O to decide whether or not Mr O made a fair presentation of the risk when answering this question. I can understand why Tradewise made the decision it did based on the information available on social media. Mr O's name appears to be the only name linked to C. Tradewise has also provided information that shows Mr O was a director of a linked company until 2014.

But I'm more persuaded by the information provided by Mr O that he DJ's as a hobby. He's given us an email from the owner of C that says Mr O isn't paid by them. I've also looked at C's company registration details and can see Mr O isn't a director. This is consistent with Mr O's own companies' records that show he was a director of the linked company until 2014.

Mr O said he's tried to remove his name from C's social media account but had problems in getting it changed. Overall, I don't have enough evidence to conclude it's most likely that Mr O had another occupation. And I don't think it's reasonable for him to have known that Tradewise would consider his hobby an occupation.

For this reason I think Mr O made a fair presentation of the risk when buying his policy. So Tradewise shouldn't have applied an additional premium to his policy. For this reason I don't need to consider whether Tradewise could charge an additional premium if Mr O hadn't made a fair presentation of the risk.

So, I think the fair and reasonable outcome to this case is for Tradewise to put Mr O back in the position he would have been in if it had accepted he'd made a fair presentation of the risk. Tradewise should remove any additional premium it's added to his policy – this will mean the broker should be refunded any additional premium it's paid on Mr O's behalf.

Tradewise said it can't provide Mr O with a copy of the NCD because it's the broker's responsibility to send it. But I think it would be fair and reasonable for Tradewise to send Mr O a letter confirming his NCD to save him from having to go back to his broker to get it.

my final decision

My final decision is that I uphold this complaint and require Tradewise Insurance Company Limited to:

- remove any additional premium it's added to Mr O's policy as a result of a second occupation; and

- provide Mr O with a letter confirming his NCD.

Tradewise should do this within 28 days of us telling it Mr O's accepted my final decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O, on behalf on S, to accept or reject my decision before 28 September 2018.

Sarann Taylor
ombudsman