

## **complaint**

Mr X complains about the charges he had to pay, after the car insurance policy set up through Be Wiser Insurance Services Ltd was cancelled.

## **background**

Mr X originally set up the policy using a price comparison website in June 2016. He paid a deposit of £207 and was supposed to make nine more monthly payments of £88.31. During a phone call on 28 June, Mr X gave Be Wiser further information which resulted in the cost of the premium increasing by £559.35. Be Wiser told Mr X he would need to pay another £169.79 and the monthly payments would now be £136.85. Mr X agreed to this but didn't make any payment because he said he needed to sort it out. This conversation took place within the fourteen day cooling off period.

When Mr X didn't come back to it, Be Wiser warned him the policy would be cancelled. This was done on 6 July when Mr X also contacted Be Wiser to ask it to cancel the policy. This was 19 days in to the start of the policy.

Be Wiser calculated that Mr X owed a total of £481.21. Taking into account the deposit of £207.01 he'd already paid, it asked him to pay another £274.20. Be Wiser later agreed to waive its setting up fee and cancellation charge. This reduced the outstanding balance to £129.22.

After Mr X brought his complaint to us, the underwriter also agreed to reduce the charge for time on risk which had been based on its 'short period rates'.

The adjudicator asked Be Wiser to refund Mr X the difference between the money he'd paid and the pro rata cost of the nineteen days cover he'd had. Be Wiser has refused to do so. It says:

- The original problem arose because Mr X hadn't provided full information about his driving history when he set up the policy.
- When he spoke to its adviser on 28 June it was still within the fourteen cooling off period so he could have cancelled at that stage without difficulty, but instead he told the advisor he would go ahead.
- The issue was with the insurer's short period charges so any refund should come from the underwriter.

## **my findings**

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

The problem that the adjudicator identified when she investigated Mr X's complaint was the failure by Be Wiser to highlight the insurer's short period cancellation rates before he committed himself to buying the policy. Although Be Wiser's own terms and conditions were available, Mr X wasn't specifically directed to them or asked to confirm he'd read them before he bought the policy. He was referred to the insurer's Key Facts. But this simply refers the reader to the general terms and conditions for details of the charges without providing them. This meant that Mr X wasn't given the information he needed to make an informed decision. Nor would he have realised the importance of cancelling within the fourteen day cooling off period.

Be Wiser is responsible for the information it provided Mr X at the point of sale, so I don't think the fact that the outstanding charges are actually those of the insurer makes any difference. The important thing is that Be Wiser did nothing to alert Mr X to the charges he would have to pay, if he cancelled outside the fourteen day cooling off period.

Since Mr X didn't realise the implications of delaying cancellation until after the cooling off period had expired, I don't think it was unreasonable for him to reserve his position by agreeing to make the extra payment, but asking for time to organise it. The additional £559 he was being asked to pay was a significant increase in the cost of the premium and it may well be that, when he'd had time to consider it, he decided he simply could afford it.

Certainly there's no suggestion that Mr X deliberately or recklessly withheld information from Be Wiser. He readily provided the information over the phone, so I don't consider that this absolves Be Wiser from the responsibility of making sure he had full information about cancellation charges before buying the policy.

Taking all this into account, I think the adjudicator's recommendations are sensible and appropriate. She has explained that she hasn't asked Be Wiser to make any payment for trouble and upset because Be Wiser has waived its own charges, which I think is fair.

### **my final decision**

I uphold the complaint. I require Be Wiser Insurance Services Ltd to reimburse Mr X a sum equivalent to the difference between the £207.01 he has paid and the cost of nineteen days cover calculated pro rata, along with simple interest of 8% a year from the date of cancellation of the policy until the date of settlement and to waive its arrangement and cancellation fee.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr X to accept or reject my decision before 20 April 2017.

Melanie McDonald  
**ombudsman**