

complaint

Mr A complains that Deeside Insurance Brokers Ltd cancelled his motor insurance policy and passed the outstanding amount of premium it said he owed to a debt collection agency. He wants the outstanding balance to be waived.

background

When his policy renewed, Deeside asked Mr A for a copy of his driver's licence. His address on this differed from his address on the policy. Deeside said that the insurer needed Mr A to either change his address on his driver's licence or the one on the policy. If he didn't do this, the premium for his policy would have to be increased based on the driver's licence address. Mr A reluctantly agreed to change the address on his driver's licence as he didn't wish to pay a higher premium. Deeside arranged for change of address forms to be sent to Mr A. But he said that Deeside didn't tell him there was a deadline for him to send it a copy of his changed driver's licence.

On 19 March 2013, Deeside told Mr A his policy would be cancelled in seven days as it hadn't received the copy of his licence showing the change of his address. Mr A said he didn't receive this letter until two weeks later. Deeside also phoned Mr A on 21 March 2013 to tell him his policy was now going to be cancelled. Mr A then told Deeside that he hadn't sent his licence to the DVLA as he hadn't received the forms.

Deeside then cancelled Mr A's policy on 26 March 2013, and he was asked to pay an outstanding premium of £124.02. Deeside later told Mr A that this had increased to £149.73, because the direct debit payment for March 2013 had failed.

Mr A complained that Deeside tried to collect a payment from his bank after the policy was cancelled. He also complained that Deeside wouldn't give him proof of his no claims discount (NCD) entitlement until he paid the outstanding balance of premium. Deeside instructed a debt collection agency to collect the outstanding premium from Mr A. What he owed then increased because of the fees added by the debt collection agency.

our adjudicator's view

The adjudicator didn't recommend that Mr A's complaint should be upheld. She thought that Deeside's actions weren't unreasonable. She thought that Deeside was reasonable in giving Mr A the option of paying the increased premium because of his other address, or to change his address details on his driver's licence. It was Mr A's choice to change his address details on his driving licence. Deeside had given him reasonable notice that his policy would be cancelled. She thought that it had reasonably kept back Mr A's proof of NCD as there was a balance outstanding due to be paid to it by Mr A.

Mr A said that Deeside should have told him that he would need to provide it with the required documents in his policy renewal invitation. He said that he hadn't been given enough time as a result. Mr A also believed Deeside should have told him that there was a deadline for him to send it a copy of his updated driver's licence. Mr A didn't think it was fair that Deeside didn't provide him with proof of his NCD. He thought it unfair that the outstanding amount it said he owed it was passed on to a debt collection agency.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr A and to Deeside on 21 May 2015. I summarise my findings:

Deeside didn't include referral rights to this service in its final response letter to Mr A's complaint. Deeside originally raised an objection to his complaint being considered by us, due to Mr A's delay bringing his complaint to us. However, as Deeside didn't provide referral rights, the adjudicator told it its objection wasn't valid and Deeside has accepted this.

Mr A says that if Deeside had told him when he renewed his policy that it needed a copy of his driver's licence and other documents then he wouldn't have decided to renew his policy with it. He says that other insurers don't request this. Deeside has explained that following a change in its procedures in 2012, it became a requirement that all policyholders needed to provide these documents when they renewed. I can see from Deeside's records that it told Mr A about the documents which it required for his policy during the call when he accepted the renewal terms offered by the insurer. Consequently, I don't think that Deeside left him too little time to get those documents.

Mr A said that he was worried about giving his personal information to the insurer. But Deeside asked the insurer if the reference numbers on Mr A's documents could be crossed out on the copies which were taken. Because of this, I think that Deeside did take action to sort out the concerns Mr A raised about his difficulties in providing these documents. I don't think it acted unfairly towards him.

The insurer then worked out that the post code for the address on Mr A's driving licence had a slightly higher premium than the post code for his address on the policy. I understand that Mr A disagrees that this is right but I think that this is a matter for him to raise with the insurer, not with his broker, Deeside.

Mr A then agreed to change the address on his driving licence to match that of the policy, which led to no increase in his premium.

But Mr A says that Deeside didn't tell him of the 21 days he had to do this. He says that this timeframe was too short and unfair.

Deeside agrees that it didn't tell Mr A that it only had 21 days to get Mr A's documents back to the insurer. But it explained that the 21 days wasn't notice of cancellation nor was it an agreement between it and Mr A. It says that it was an extension that it agreed with the insurer for it to provide the insurer with the relevant documents. The insurer wanted it to get Mr A's amended driving licence showing the correct address which matched the address on insurance policy and the insurer allowed Deeside 21 days to do this. Deeside thought 21 days was long enough to do this. I think Deeside's explanation is satisfactory.

After Deeside first asked Mr A for a copy of his licence, it took two weeks, and three reminder phone calls, before Mr A produced it. It was only when the insurer said it would cancel Mr A's policy that Mr A agreed for the address on his licence to be changed to the address on his policy. Deeside then arranged to send him the forms and persuaded the insurer to allow it 21 days to send it the amended licence. Mr A says that he didn't receive the forms from Deeside, but I don't hold Deeside responsible for this. I think that Mr A could have contacted DVLA himself or obtained the forms from his post office. Given the threat of cancellation, I think that Mr A should have been aware of the urgency of this matter.

Deeside's records show it then rang Mr A three times to chase his amended licence before the insurer told it to issue the seven day notice saying it would cancel his policy. During this time, Mr A hadn't done anything about changing the address on his licence. However, I think that Deeside did give Mr A proper notice that his policy would be cancelled. Indeed, it went to some trouble to make sure that he was aware that his policy had been cancelled. But I think that Mr A didn't co-operate with it. So I think that Deeside hasn't acted unreasonably and I don't require it to waive the amount of premium that Mr A still owes it.

Mr A also complained that Deeside then tried to collect a premium instalment from his bank after his policy had been cancelled. I agree with the adjudicator that the premium instalment due to be paid for his policy on 31 March 2013 was still due to be paid by Mr A despite the policy having been cancelled. This is because he had cover under his policy since 2 February 2013.

Mr A says that Deeside is holding his proof of NCD to ransom and that, because of this, his premium with his new insurer has doubled. Deeside says that its internal policy is that proof of NCD can't be released if there is an outstanding balance still owing. It says that as Mr A refused to pay the outstanding balance of £149.73, it passed this to a debt collection agency. This added its own fees, making the balance £209.62.

The adjudicator thought that this was not an unusual approach, as brokers and underwriters do sometimes withhold proof of a policyholder's NCD entitlement in these circumstances. She thought that as Deeside had acted in line with its usual procedures in this respect, that its actions were fair.

After consideration, I disagree with the adjudicator's view. I think it's unfair that once an outstanding account is passed to a recovery agent, that Mr A still doesn't get his proof of NCD. As the debt has been passed to the debt collectors, there is no good reason for Deeside to not give Mr A his NCD proof.

Subject to any further representations by Mr A or Deeside, my provisional decision was that I intended to uphold this complaint in part. I intended to require Deeside Insurance Brokers Ltd to provide Mr A with proof of his NCD entitlement.

my findings

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

Mr A responded that he had incurred £200 extra costs because Deeside had withheld his NCD. I think that Mr A should raise this with his new insurer. Mr A said that he had agreed to change his licence address but Deeside said that he hadn't in its final response letter. But I think that Deeside's response was reasonable as Mr A didn't change his address as he said he would. Mr A thought it wrong for Deeside to cancel his policy when it knew he had the matter in hand. Mr A said that Deeside had previously made allowance for his ill-health. He said that staff changes had altered its attitude. He said that he didn't deliberately allow things to lapse. But I don't think that Deeside acted unreasonably. I can see that it went out of its way to make allowances for Mr A. Unfortunately, he didn't co-operate with it and his policy was cancelled.

Deeside disagreed that it was unfair to withhold NCD proof if the matter was passed to a debt collection agency. It said that it relied upon this incentive to make clients pay their debts. But I disagree that this is fair. I think that it can fairly either withhold proof of NCD or pass the matter to a debt collection agency. I think that to do both is unnecessarily punitive and harsh.

Deeside responded that Mr A's NCD has expired. It said that clients have two years from the date of cancellation to use them again for them to be valid. I think that most insurers will only accept proof of NCD if the policy expired less than two years previously. However, I still think that Deeside should provide Mr A with proof of his NCD. It will then be for him to raise this with his new insurer if he so chooses.

Deeside wants Mr A to pay the outstanding balance of £209.62 which he has owed it since March 2013. I agree and I encourage Mr A to pay the outstanding debt he owes Deeside.

my final decision

For the reasons I've discussed, it is my final decision that I uphold this complaint in part and I require Deeside Insurance Brokers Ltd to provide Mr A with proof of his NCD entitlement.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr A to accept or reject my decision before 24 July 2015.

Phillip Berechree
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