

complaint

Mr C complains that Be Wiser Insurance Services Ltd should honour its original quotation for his motor insurance policy.

background

Mr C was an eighteen-year old student when – through Be Wiser as an independent intermediary – he took out a policy on a car previously owned by his father. Mr C agreed to pay a premium of about £2,700 plus interest for paying by instalments. Be Wiser later asked for an increased premium. After discussions with Mr C's parents, Be Wiser cancelled the policy and set up a new one at a premium of about £3,500.

The adjudicator recommended that the complaint should be upheld in part. She concluded that Be Wiser failed to pass to the insurer the correct information about Mr C's length of ownership of the car. She said that Be Wiser had given inconsistent information about exactly when it cancelled the policy. She recommended that Be Wiser should pay Mr C:

1. £796.56 for the difference between the costs of the old policy and the new one;
2. simple interest on that amount at a rate of 8%;
3. £100 for distress and inconvenience as a result of his alleged non-disclosure;
4. £50 for distress and inconvenience for the cancellation.

Mr C agrees with the adjudicator's opinion.

Be Wiser disagrees in part. It offers £100 for the inconvenience caused by the mis-understanding about the length of time Mr C had owned the vehicle. It says Mr C asked it to cancel the old policy on 19 June 2012. It offers to refund the balance of £219.64 which it retained. Be Wiser says that Mr C voluntarily took out a new policy at the correct premium of about £3,500 and he did not complain until six months later when he was involved in an incident .

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.

I have seen the proposal form dated late May 2012 which says:

"...Hatchback...Date Purchased 02Jun2011..."

On balance I am satisfied that Mr C or his mother told Be Wiser that he was taking ownership of the car at the time of the proposal form. I consider that Be Wiser was responsible for passing the incorrect date to the insurer. And the insurer asked for an increased premium of about £3,500.

Be Wiser has provided us with inconsistent information about the circumstances in which it came to email a letter cancelling the policy after less than a month. And it has not provided any call recordings.

I place more weight on the email from Mr C's mother in response to Be Wiser's emailed letter. I consider that she was entitled to believe that the policy was still on foot. And she gave instructions for it to continue – at the increased premium. I consider that she was mindful of Be Wiser's cancellation terms and in particular by its proposed "charge for time on cover" of about £890. I am not satisfied that this was fair and reasonable.

And it would have exceeded the payments Mr C had made of £500 for the deposit and about £250 for his first instalment. I conclude that this unfairly deterred Mr C from going elsewhere and caused him to agree the new policy at a premium of about £3,489. I infer from Be Wiser's notes that – in the end – it reduced the charge for time on cover to about £190, so generating a credit of about £550 from Mr C's payments under the old policy.

I accept that Mr C did not make a formal complaint until he was involved in an incident with a third party. As the insurer found out he had started work, Be Wiser asked for an additional premium of about £600, which his parents paid. I am not persuaded that Be Wiser mishandled this. I find it more likely that the additional cost was initiated by the insurer, to which Mr C should address any complaint about it.

Mr C has made some new points in his complaint and, in my view, has sought to update and broaden it since he brought it to us. I consider that it did not initially include a complaint about the final cancellation of the policy after he sold the car in March 2013. As Be Wiser had not had an opportunity formally to respond to that complaint before Mr C brought his complaint to us, I do not consider that it would be fair for me to make any decision on it.

But I am mindful that the first and second policy ran for a total of about ten months by which time Mr C (or his parents) had paid all the instalments of the increased and additional premium for the year and interest.

I find it fair and reasonable to make an order to try to put Mr C in the position he would have been in if Be Wiser had honoured the original quotation and not cancelled the policy in June 2012. So I will order it to refund Mr C the increase of £769 with interest.

I do not doubt that Be Wiser has caused Mr C (and his parents who were named drivers) some unnecessary anxiety and put him to some trouble. Overall, I conclude that £175 is fair and reasonable compensation for this.

my final decision

For the reasons I have explained, my final decision is that I uphold this complaint. I order Be Wiser Insurance Services Ltd to pay Mr C:

1. £769;
2. simple interest on that sum at the annual rate of 8% from 22 June 2012 to the date it pays it. If it considers it has to deduct tax from the interest element of my award, it shall send Mr C a tax deduction certificate when it pays him. He can then use that certificate to try to reclaim the tax, if he is entitled to do so.
3. £175 for distress and inconvenience.

Christopher Gilbert
ombudsman