

## **complaint**

Mr R, a director of company S, has complained about Be Wiser Insurance Services Ltd's decision to cancel S's motor insurance policy.

## **background**

The background is set out in more detail in a provisional decision that I sent to the parties earlier this month. And I've attached that decision to this final decision.

Briefly, I said I thought Be Wiser had unfairly cancelled S's insurance policy and should pay £308.18 with interest and £100 compensation (reasons given in the provisional decision).

Mr R accepted my findings and hopes Be Wiser will use my decision as a learning outcome for its staff.

Be Wiser also replied. In short it said it waited a reasonable time for S to send a vehicle registration certificate (V5). And as this hadn't been received it gave notice of cancellation. Be Wiser also said it offered a new policy on 2 June 2015 but this was refused initially but taken up two days later. So Be Wiser doesn't think it was responsible for S being uninsured for two days. Be Wiser confirmed that it followed a process, the cancellation was only recorded on the Motor Insurance Database to show that specific policy was cancelled, and the second more expensive policy was because the no claims discount wasn't valid for use on that policy.

## **my findings**

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

I appreciate Be Wiser's points but the fact remains that it knew the V5 had been sent off to the DVLA and the change required was minor. In all other respects it had the information it needed about the vehicle and the keeper. And it wasn't, from what I've seen, being pushed by the insurer to get a copy as a matter of urgency or cancel S's policy. It was acceptable that Be Wiser wanted a copy of the V5 but in the circumstances it was aware of, I think it was unfair to cancel S's policy. And the cancellation led to a sequence of events that I don't think would have happened had Be Wiser not chosen to cancel the policy. Because of these reasons I think Be Wiser needs to put things right in the way I explained in my provisional decision.

But I'll address Be Wiser's comments to me about the fact it recorded the cancellation on the Motor Insurance Database (which records policies in force, expired, cancelled). Having looked at MID's website it's a legal requirement to put insurance details on the database. But I think it's only fair that the information is correct. I don't think it was fair that Be Wiser cancelled the policy and if it was an insurer (rather than a broker) I'd tell it to reinstate the policy. This would mean the MID would have to be updated and the policy would no longer show as 'cancelled'. The MID website directs a consumer with queries about entries to the relevant business in the first place. So Be Wiser will need to amend the entry so that it no longer shows as 'cancelled'.

**my final decision**

I uphold S's complaint and require Be Wiser Insurance Services Ltd to do the following;

- Pay S £308.18 adding simple interest at 8% per year from 4 June 2015 (the date Mr R paid the second policy in full) to the date Be Wiser sends payment.
- Write a letter to S confirming that it has amended the Motor Insurance Database so that it no longer records the policy as cancelled.
- Pay S £100 for the inconvenience caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R on behalf of S to accept or reject my decision before 29 March 2016.

Sean Hamilton  
**ombudsman**

<b>provisional decision</b>	
<b>date of decision:</b>	12 February 2016

I've considered the relevant information about S's complaint. Based on what I've seen so far I intend to uphold the complaint. I've given a detailed breakdown of what I think Be Wiser Insurance Services Ltd needs to do to put things right. This is quite different from what the adjudicator explained. And because of this I'm giving the parties an opportunity to comment, if they wish, as it hasn't been explained before.

I'll look at any more comments and evidence that I get by 22 February 2016. But unless the information changes my mind, my final decision is likely to be along the following lines. Final decisions will be published on our website.

### **complaint**

Mr R, a director of company S, has complained about Be Wiser's decision to cancel S's motor insurance policy.

### **background**

Mr R arranged insurance for a company vehicle with an annual premium of £734.81. Be Wiser requested additional information including the vehicle registration certificate (V5). Mr R sent this but he was shown as the registered keeper rather than S. Mr R told Be Wiser the V5 had been returned to the DVLA for amendment. And by mid-May the insurer had confirmed with Be Wiser that a change in V5 was fine but wanted a copy for its file. Mr R had agreed to send a copy.

On 22 May 2015 Be Wiser emailed Mr R saying that unless the amended V5 was received in 7 days the policy would be cancelled. On 25 May Mr R sent an email to Be Wiser saying he was waiting for the V5 from the DVLA. And he said he'd send it on when he got it. Be Wiser replied that it wanted the document by 30 May and on 1 June Be Wiser cancelled the policy as it hadn't received the V5.

Mr R was charged for the amount of time the policy was in force plus a cancellation fee. He arranged a replacement policy with Be Wiser on identical terms a few days later (but more expensive at £1043.47) even though the V5 hadn't been returned.

Our adjudicator upheld the complaint. He explained that Mr R had properly notified Be Wiser about the V5 and concluded that, in the circumstances, the cancellation was unfair. He found no evidence that the insurer had requested the policy to be cancelled. And an amended V5 didn't appear to be required for the second policy.

The adjudicator recommended two options to settle the complaint (Mr R to choose) and £100 for the inconvenience caused to Mr R.

Be Wiser didn't agree with the adjudicator. It said extensions can only be done through communicating with the policyholder. And if nothing's heard then it cancels the policy.

### **my provisional findings**

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

The issue for me to consider is whether Be Wiser cancelled the insurance policy fairly. The policy documentation says the policy can be cancelled with 7 days' notice to the last known address. And strictly speaking there doesn't have to be a particular reason why. But this gives so much discretion to Be Wiser (and the insurer) that I think there should be a valid reason for the cancellation to be fair. And the lack of documentation *might* be such a reason.

There's no doubt that Mr R received a cancellation notice – he sent an email to Be Wiser in reply to it. But in the circumstances of this case I don't think Be Wiser acted fairly and I'll explain why.

Be Wiser knew Mr R had a V5 – it was his name and the company address – but it was accepted by all that it had been sent to the DVLA to be amended to company S as the registered keeper. The insurer was fine with this and so it was just a case of waiting for the V5 to be returned to Mr R so he could send it to Be Wiser. And on 25 May Be Wiser knew the situation hadn't changed. So I think it was unreasonable to cancel the policy just a few days later.

I also bear in mind that Be Wiser set up another policy on the same terms just a few days after cancellation. The V5 hadn't been received by this time either yet Be Wiser was happy to sell the policy. So, the factual circumstances hadn't changed and so I think it was very unfair to cancel the original policy.

#### *to put things right*

- The original policy cost £734.81 (A) and was due to end on 16 April 2016
- S got a refund of £595.15 so paid a total of £139.66 (B)
- The second policy was paid in full at £1,043.47 (C)
- In total S has paid B + C = £1,183.13 (D)
- The second policy ends on 4 June 2016 but was a result of Be Wiser's unreasonable actions.
- Cost of insurance to 16 April 2016 should have been £734.81 (A)
- Cost of insurance 17 April to 4 June 2016 (49 days) using the daily rate of the cost of the second policy at £2.86 per day total = £140.14 (F)
- Total S *should* pay is A + F = £874.95 (G)
- Refund due to S is D – G = £308.18 with simple interest to be added at 8% per year from 4 June 2015 (the date Mr R paid the second policy in full) to the date Be Wiser sends payment.

Be Wiser must remove the cancellation notice from every database it has recorded it on. And it should write a letter to S to confirm this.

We can't award compensation personally to Mr R for any distress and inconvenience that he's been caused personally. This is because S is a limited company and is a separate legal entity to the directors, like Mr R. But we can award compensation to S for any inconvenience it has suffered. Mr R as director acting for S has had to take time out to try and resolve what should have been a straightforward issue. But once the policy was cancelled a new one was

set up. So the inconvenience has been that S couldn't use a company vehicle for a couple of days and had to spend time trying to sort things out. I'm of the view that £100 is a fair amount.

### **my provisional decision**

For the reasons explained my provisional decision is to uphold this complaint. I require Be Wiser Insurance Services Ltd to put things right in the way I've explained above. In summary it must;

- Pay S £308.18 adding simple interest at 8% per year from 4 June 2015 (the date Mr R paid the second policy in full) to the date Be Wiser sends payment.
- Remove the cancellation notice from every database that it has recorded it on.
- Write a letter to S to confirm the cancellation has been removed from every database it has recorded it on.
- Pay S £100 for the inconvenience caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R on behalf of S to accept or reject my decision before 22 February 2016.

Sean Hamilton  
**ombudsman**