

complaint

Mr H has complained that Be Wiser Insurance Services Ltd unfairly cancelled his motor insurance policy without telling him.

background

Be Wiser sold Mr H an annual motor policy for £285.82. It later cancelled that policy. But Mr H didn't receive any correspondence from Be Wiser about that. Mr H only learned about the cancellation when he contacted it about renewing the policy. Mr H complained. Be Wiser said it had already refunded Mr H part of his premium. But it refunded some additional sums taking the total refund to £181.74. It didn't refund the balance, which meant Mr H had paid £104.08 for a policy which only provided cover for 18 days.

Mr H brought his complaint to us. Our investigator didn't think Be Wiser had dealt with Mr H fairly. He recommended that Be Wiser calculate a refund of premium, but thought it that it could retain £14.10 to pay the insurer for Mr H's time on cover, but said it should refund the balance, which he calculated at of £89.98. The investigator added that Be Wiser should pay Mr H £250 compensation. But after considering Be Wiser's comments on his initial assessment the investigator revised his recommendation to put things right and said that a fairer compensation level would be £100. Making total compensation, after adding the £89.98 premium refund, of £189.98.

Neither Mr H nor Be Wiser agreed with the investigator's final assessment so the complaint's been passed to me to decide.

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'm going to uphold it; my award to put things right will be the same as our investigator's final assessment.

Be Wiser is a broker, so it sells policies and may help with their administration but the policy is underwritten by a separate business (the insurer) who charges for the time on cover.

After Mr H took out the policy Be Wiser wrote to him at his home address to request some fairly standard information in order to validate the policy. That was a reasonable request for it to make. But the postal service returned the letter undelivered marked that the address was inaccessible.

Be Wiser then wrote to Mr H again. It said that if he didn't provide the information it asked for in its previous letter, which it knew hadn't been delivered, it would cancel the policy within seven days. The postal service didn't deliver that letter either and returned it to Be Wiser saying that Mr H had "gone away". Be Wiser then cancelled Mr H's policy and wrote to him to say that it had done so. The postal service also returned that letter undelivered marked inaccessible.

I accept that it wasn't Be Wiser's fault that its letters weren't delivered, and this is a matter Mr H has taken up with the postal service. But Be Wiser was aware that Mr H hadn't received any of the letters it sent to him. But it still went ahead and cancelled his policy anyway. Given that Be Wiser knew Mr H hadn't received its request for information to validate the policy I don't think it was fair for it to cancel the policy when it didn't receive that

validation. Be Wiser had Mr H's mobile phone number, so it could have contacted him using that. But there's no persuasive evidence it tried to do so. And given the seriousness of the situation I think it was unreasonable that it didn't try harder to contact Mr H by other means.

Be Wiser's said that it provided a partial refund to Mr H some weeks after it cancelled the policy. And this would have shown on his bank statement as being from it. The inference being that Mr H should have realised his policy had been cancelled. But Be Wiser can't have known whether or not Mr H saw that entry on his bank statement. And even if he did he wouldn't have known what it was for. I don't think it's reasonable to assume that he would somehow know that this was a partial refund of the premium because Be Wiser had cancelled his policy. So I don't find that the fact that Be Wiser had paid a partial refund to Mr H in any way reduced the impact of its mistake in cancelling the policy as it did. So I'm satisfied that it was unfair that it cancelled his policy without making reasonable efforts to tell him what it was doing and why. And, while I think it was reasonable for the insurer to charge Mr H £14.10 for his time on cover, I don't find it reasonable that Be Wiser kept any of the balance that Mr H had paid. So it should refund to him the balance.

I can understand that it came as a shock to Mr H to learn that he'd been driving while uninsured for the best part of a year. And the consequences of this could have been significant if he'd needed to make a claim or been stopped by the police. But those things didn't happen and Mr H was aware of that. So I don't intend to award compensation for what might have happened but didn't.

Mr H said that at the time that he learned his policy was cancelled he was travelling for business. So he was a significant distance from his home address. And because he was no longer covered to drive he was "trapped" away from home until he could arrange and pay for another policy. So he didn't think the £100 compensation our investigator recommended went far enough.

As I've said above I can understand that Mr H would have been shocked to learn that his insurance was cancelled. But there was no tangible long-term impact of that. Mr H was able to source a replacement policy the same day. He's told us that his new insurers had some concerns because he was paying for his premium from his business account, which was registered at a different address to his policy, and the new insurer wanted to wait for that payment to clear before confirming cover. Mr H said this means he couldn't drive his car in the meantime and so was stuck away from home.

But in my experience, particularly of dealing with complaints about insurers and brokers, I'm aware that many insurers are happy to accept payments for policies from credit or debit card holders who are not otherwise connected with the policy. And that includes accepting payment from people who don't live at the policy address. Similarly I'm aware that, as long as payment cards aren't declined, it's usual for insurers which offer policies online and through comparison websites – and that includes many of the best-known insurers on the market – to be able to confirm cover immediately. And I think such a policy should have been readily available to Mr H. I know that Mr H would like us to provide details of those insurers. But, as my decisions are published, and I'm satisfied that Mr H could have arranged cover which began immediately, I don't think it would be appropriate to start naming other businesses in this decision. So I don't think Be Wiser's actions "trapped" Mr H away from home.

But as I've said above I can understand that Mr H found the situation shocking and the situation was clearly a source of distress and inconvenience for him. So to put things right, I

think £100 compensation is fair and reasonable in the circumstances, as it's in line with compensation I've awarded in other cases of similar seriousness.

my final decision

For the reasons set out above I uphold this complaint. I require Be Wiser to pay Mr H £100 compensation to address his distress and inconvenience. To that it should pay him the balance of the premium he's paid, less the premium he would have paid for 18 days cover to the insurer. It should take the above action within 28 days of us telling it that Mr H has accepted my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a rate of 8% a year simple.¹

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 5 January 2020.

Joe Scott
ombudsman

¹ If Be Wiser pays interest and considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr H how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HMRC if appropriate