

complaint

Mrs P and Mr Y complain that Be Wiser Insurance Services Ltd, a broker, told Mrs P they'd get a discount for having more than one motor insurance policy in their household but they didn't receive a discount. They also complain about the refund of Mrs P's premiums after her insurer cancelled her policy from the outset. Mrs P and Mr Y want a refund of the payments Mrs P made.

background

In July 2015, Be Wiser arranged motor insurance policies for Mrs P and Mr Y. They had separate policies from different insurers.

Mrs P's insurer found out that Mrs P hadn't told it about a fault claim she made in 2010 or Mr Y's penalty points in 2012 and 2014. It said Mrs P had two years no claims discount, not five.

In early September 2015, Mr Y's insurer increased his premium to take into account the penalty points on his licence. In late September 2015, Mrs P's insurer cancelled her policy from the outset.

Be Wiser says it paid the refund of £600.69 from Mrs P's insurer to Mr Y's policy. It says that reduced the amount Mr Y had to pay each month from £144.05 to £106.33.

our initial views

Be Wiser didn't at first give the adjudicator the information he asked for. The adjudicator initially said he wasn't persuaded Be Wiser had paid the refund to Mr Y's policy. He recommended Be Wiser pay Mrs P £264.04 plus interest and £100 for her trouble and upset.

Be Wiser gave the adjudicator some information and he changed his view. He said Be Wiser should pay Mrs P £96.40. That was the difference between the instalments of £106.33 Be Wiser charged and £94.28 that the adjudicator thought it should have charged over eight months. The adjudicator also thought Be Wiser had acted unreasonably in responding to the complaint and caused delays. He recommended that it pay compensation of £150 for trouble and upset.

Be Wiser didn't respond to the adjudicator's view. Mrs P said Be Wiser overcharged her and Mr Y by £10.67 per month for nine months, so it owed them £96.03. Mrs P also said that Be Wiser should pay her the part of the deposit she paid. Mrs P said as Be Wiser cancelled her policy, it should return her payments. She said it should pay £180 plus £96.03 and £150 for her trouble.

my provisional decision

I sent Mrs P, Mr Y and Be Wiser my provisional decision. Based on what I'd seen, I didn't think I could safely conclude that Be Wiser misled Mrs P and Mr Y about a discount. That was because Be Wiser said it didn't have a recording of the relevant phone call and Mrs P hadn't given much detail about what she remembers. So, I didn't propose to uphold that part of the complaint.

I didn't think Be Wiser treated Mrs P and Mr Y fairly in its handling of the refund made by Mrs P's insurer. I said there had been considerable confusion about what Be Wiser did with the refund by Mrs P's insurer.

I said the amount refunded by Mrs P's insurer suggests that the premium was paid in full at the outset. That's usually what happens when there's a credit agreement – the credit provider pays the premium to the insurer and the policyholder pays monthly amounts to the credit provider. But Mrs P didn't think she entered into a credit agreement.

Mrs P thinks the payment arrangements for her policy were included in the credit agreement Mr Y had. But the only credit agreement I had seen didn't support Mrs P's view about that. That's because it's in Mr Y's sole name and it doesn't refer to Mrs P's policy. Neither does it refer to the correct insurers and it isn't for an amount that's enough to cover the cost of both policies.

I said Be Wiser's notes refer to an in-house payment plan. Mrs P and Mr Y clearly intended to deal with payment of their policies together. Based on all I've seen, I thought Be Wiser applied the refund from Mrs P's insurer to the in-house payment plan. That's why Mr Y's payments reduced.

Mrs P says that Mr Y's payments didn't reduce but I said she's not taking into account that Mr Y's premium increased from its original amount, when his insurer charged an additional premium.

I said my understanding of the figures was as follows:

cost of Mrs P's policy £660.03 cost of Mr Y's policy £840.02 additional premium
charged by Mr Y's insurer £298.94 instalment arrangement charge £30.00
total cost £1,828.99 less
deposit £330.04
August payment £144.05 refund from Mrs P's insurer £600.69
Remaining balance £754.21

Be Wiser says it reduced Mr Y's payment from September 2015 to April 2016, that's eight instalments. I thought the instalments should have been £94.28 (£754.21/8). It charged him £106.33. I think it should refund £96.40, which is the difference between £106.33 and £94.28 (£12.05) for eight instalments. It should also pay interest.

I said Mrs P and Mr Y have been put to the trouble of pursuing what should have been a fairly straightforward matter following the insurer's cancellation of Mrs P's policy. Be Wiser had provided late or incomplete responses to requests for information which delayed matters. I thought appropriate compensation for Mrs P's and Mr Y's trouble was £150 and I proposed to direct Be Wiser to pay that amount.

Mrs P said she agreed with my provisional decision but I hadn't considered that, as her policy was void, she should get back her part of the deposit, which was £120, and her part of the first payment, which was £60. Mrs P said the refund of £600.69 was for instalments that were never made but she's entitled to the return of what she paid.

Be Wiser said the difference in monthly payments is due to late payment fees. It provided copies of default letters to Mr Y in July 2015, January 2016 and March 2016. The latter two letters said that it would charge Mr Y a late payment fee of £25, which made the new

monthly payments £112.58 and £129.24 respectively. Be Wiser said it shouldn't have to refund those fees or pay interest.

Be Wiser said as the policies were arranged and paid for together, it couldn't override that to process a refund to Mrs P when there remained an outstanding amount for Mr Y. It says it used the refund from Mrs P's insurer to reduce the amount owed by Mr Y.

Be Wiser accepted that its handling of the complaint wasn't efficient and agreed to pay Mrs P and Mr Y £100 for their trouble and upset.

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'm afraid I don't agree with Mrs P that Be Wiser should refund to her the part of the deposit and first payment she paid. That's because, based on what I've seen, I think there was an intention at the outset to deal with payment of Mrs P's and Mr Y's policies together. There appears to have been a joint payment plan. I don't think Be Wiser was wrong to apply the refund from Mrs P's insurer to the in-house payment plan.

Be Wiser says that the difference in the monthly amounts is due to late payment fees. But the copies of its letters to Mr Y don't support that. That's because the letters show that it charged Mr Y late payment fees in January 2016 and March 2016. My provisional decision dealt with the amount Be Wiser asked Mr Y to pay from September 2015. So the late payment fees didn't arise at that point. I've seen nothing to suggest that my understanding of the figures is wrong.

I still think it's appropriate for Be Wiser to pay interest on the overpayments Mr Y made. That's in keeping with our usual approach to being kept out of money. I see no reason here to alter that.

It's not clear to me if Be Wiser's reference to £100 for Mrs P's and Mr Y's trouble and upset is a mistake or an offer in place of the £150 I referred to in my provisional decision. In either case, I see no reason to change the amount I think is appropriate here.

my final decision

For the reasons set out above and in my provisional decision, I uphold this complaint in part. I now require Be Wiser Insurance Services Ltd to:

1. Pay Mrs P and Mr Y the difference between £106.33 and £94.28 (£12.05) for eight instalments (£96.40) plus 8% simple interest from the date of each instalment, to the date of settlement of this complaint.
2. Pay Mrs P and Mr Y compensation of £150 for their trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr Y to accept or reject my decision before 31 October 2016.

Louise Povey
ombudsman