

complaint

Mr K says Be Wiser Insurance Services Ltd acted unfairly by keeping his deposits when it cancelled his insurance policies. He also says it gave him poor service.

background

In 2014 Be Wiser arranged a motor insurance policy for Mr K using information he entered on a website. As part of this information, Mr K said he had a No Claims Discount ("NCD") of nine years. This lowered the cost of his insurance policy. Be Wiser asked for proof of his NCD to validate his insurance policy.

English is not Mr K's first language. So his representatives spoke to Be Wiser on his behalf. Mr K's representative told Be Wiser that he'd only lived in the UK for five years. So Be Wiser reduced the NCD on Mr K's policy to five years (because it said he couldn't have had more than this). Be Wiser still asked for proof of Mr K's NCD.

Mr K then decided to insure a different car. So Be Wiser cancelled his policy and set up a new policy for him. Be Wiser applied a NCD of five years to the cost of this new policy and again asked Mr K for proof of this.

When Be Wiser contacted Mr K's previous insurer, it found he only had a NCD of two years. This meant Mr K's insurance premium was lower than it should have been because it was based on a NCD of five years. The premium then went up by £424 when based on two years NCD. Be Wiser asked Mr K for this extra money. But he didn't want to pay it. And so, Mr K's policy was cancelled. Be Wiser then applied cancellation charges and asked Mr K for more money.

In response to Mr K's complaint, Be Wiser waived £31.73 it said Mr K owed. But Mr K feels he should get back the two deposits he paid Be Wiser for his insurance policies (£102.31 for the first policy and £172.66 for the second policy).

Our adjudicator didn't uphold the complaint. He didn't think Be Wiser acted unreasonably when handling Mr K's insurance policies.

my findings

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

First, I think it's important to clarify what 'No Claims Discount' or 'No Claims Bonus' means. Put simply, it's a count of the number of years in which a consumer hasn't made a claim on their car insurance policy. Consumers may then receive a discounted price for their insurance, depending on the number of NCD years they have.

Mr K made a claim on his car insurance policy in 2012 to replace his headlights. And so, when he applied for a new policy in 2014, he only had a NCD of two years (this has been confirmed by Mr K's previous insurer).

I've looked at both of Mr K's policies separately below.

Mr K's first insurance policy (£102.31 deposit)

The price of Mr K's insurance policy was based on a NCD of nine years. And Be Wiser acted reasonably when asking for proof of this. In fact, Mr K only had two years NCD. And so, he received a cheaper premium than he should have. This also meant his deposit was less than it should have been.

After speaking to Mr K's representative, Be Wiser acted fairly by reducing his NCD to five years, which was the length of time Mr K had been in the UK. Mr K then had to pay more for his policy, which was fair. But Be Wiser still needed proof from his previous insurer to show the number of NCD years he had.

Be Wiser made reasonable attempts to confirm Mr K's NCD with his previous insurer but it wasn't able to do so. It then sent Mr K three more letters asking for confirmation of his five years NCD. But it never received the information it needed.

Mr K then changed his car. But his insurer wouldn't cover it so Be Wiser found him another policy with a different insurer. Mr K agreed to cancel his policy and buy the new one.

I understand Mr K feels he should get his deposit back. But I think it's fair for Mr K to pay for the time he had the insurance cover before it was cancelled. Mr K has had the benefit of the insurance policy and the insurer would still have to deal with any claim arising from the time he had it.

I also think it was Mr K's decision to change his car and cancel his policy. So I think Mr K should pay the cancellation charges Be Wiser applied, which are in line with its terms of business. In total Mr K was charged £121.51 for the cancellation and the time he had the insurance cover, which is more than the deposit he paid. So I don't think he should get his deposit back.

I don't think Mr K should've had to pay the £30 administration charge for the midterm adjustment – given his policy was cancelled rather than adjusted. But I can see Be Wiser waived £31.73 in response to his complaint. And because his policy was based on a NCD of a much higher number of years, Mr K was charged less than he should have been for the time he had the cover. So I don't think Be Wiser needs to pay Mr K any money back for his first policy.

Mr K's second insurance policy (£172.66 deposit)

The price of Mr K's second policy was still based on five years NCD. So it was still cheaper than it would have been if Be Wiser had known Mr K only had two years NCD.

In addition to the previous requests for proof of his five years NCD, Be Wiser asked Mr K to provide this information when it sent Mr K a letter setting out the total cost of the new policy. It also enclosed its terms of business and other insurance documents.

I note Mr K says he didn't receive this letter. But it was sent to his correct address. And the policy schedule shows it was printed on the date the letter was sent. So I think it's most likely Be Wiser sent this letter to Mr K.

Mr K still didn't provide proof of his NCD and he didn't respond to the letters Be Wiser sent him. Overall, I think Be Wiser made reasonable attempts to get this information from him for nearly two months.

I understand Mr K didn't want to pay the extra money for his insurance policy when his NCD was reduced to two years and his premiums increased as a result. But this meant the policy was cancelled instead. Be Wiser then applied cancellation charges correctly, in line with its terms of business. So I don't think he should get this money back.

I think it's fair for Mr K to pay for the time he had the insurance policy before it was cancelled because he had the benefit of it. He also paid less than he should have for this cover. So I don't think Mr K should get his deposit back for this policy either.

In conclusion, I don't think Be Wiser acted unreasonably when handling Mr K's two insurance policies – or when it requested information from Mr K. And I don't think it should be required to refund his deposits.

my final decision

For the reasons above, I don't uphold Mr K's complaint and make no award against Be Wiser Insurance Services Ltd.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr K to accept or reject my decision before 20 August 2015.

Joanna Brown
ombudsman