

complaint

Miss P complains that Be Wiser Insurances Ltd cancelled her motor insurance policy.

background

Miss P held a motor insurance policy with Be Wiser. Her monthly payment wasn't collected on 7 November 2016 by continuous payment authority – and the policy was cancelled on 28 November.

Miss P says she had enough money in her bank account on 7 November to make the payment. She also says that when she contacted Be Wiser she received conflicting information about what was happening and that its staff were rude and unhelpful. Miss P says she only found out her policy had been cancelled by an email she received on 2 December.

Be Wiser says that it sent a letter to Miss P asking for the missed payment and saying that the policy would be cancelled if the outstanding amount wasn't paid by 14 November. It says it discussed the missed payment with Miss P three times. Be Wiser also says that it sent Miss P a text message and attempted to speak to her unsuccessfully on another three occasions. It agreed to reduce the outstanding balance from £438.07 to £288.07 as a "goodwill gesture".

Subject to any further submissions, my provisional decision was to uphold this complaint. I didn't think that Be Wiser had done enough to tell Miss P that the cancellation of the policy was going ahead. I proposed that Be Wiser should:

- Remove any information it has recorded about Miss P on the Claims and Underwriting Exchange database (CUE). And provide a letter explaining that her insurance was cancelled due to its error.
- Reverse any cancellation fees that have been applied.
- Write off Miss P's balance.
- Pay Miss P £150 for any trouble and upset.

Miss P accepted my provisional decision. She said that she had been driving the car uninsured without her knowledge up until 2 December with her two young children in the car – and she has been unable to obtain a new car insurance policy.

Be Wiser didn't accept my provisional decision. In summary, it said that it wasn't fair to say that it should have done more to put Miss P on notice that it was going to cancel her policy – a letter was sent and phone calls were attempted. Be Wiser said that the terms of business that Miss P agreed to said that a failure to make a payment would be treated as a notification to cancel the policy.

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've reached largely the same conclusions that I did in my provisional decision.

Miss P didn't make the payment that was due on 7 November. In view of that and the previous conduct of the account, I don't think it was necessarily unreasonable for Be Wiser to cancel her policy. But I need to decide if the way it went about doing that was fair and reasonable.

I can't see that the terms of business say that a missed payment would be treated as notification of cancellation. But even if they did, I don't think it would be reasonable to say that Miss P would have understood that her policy would be cancelled in these circumstances. I say this as there were other occasions when she missed payments where Be Wiser didn't cancel the policy.

In any event, in view of the potentially serious implications of unknowingly driving without insurance, I consider it would be fair for Be Wiser to tell the policy holder what it was going to do in a clear and unambiguous way.

In the circumstances, there was a great deal of scope for confusion about what was going on. Be Wiser emailed letter to Miss P on 7 November to say the policy was going to be cancelled on 14 November. But it spoke to Miss P that day. I think that phone call added to the confusion about what was happening. It also led to Miss P's payment details being removed from Be Wiser's system – so the payment couldn't be collected.

The letter isn't entirely clear what would happen if Miss P didn't make the payment. It says that Miss P must reach "*an arrangement for the outstanding balance*". Bearing in mind the subsequent conversations that Miss P had with Be Wiser, I don't consider it would have been clear to her that the cancellation was going ahead – even if she did receive the letter. Be Wiser had an opportunity to set out clearly and fairly what was going to happen during the calls and it didn't do so. And I can see how Miss P could understand that in attempting to reach an agreement for payment the existing cancellation notice would not apply.

The letter set out that the policy was going to be cancelled on 14 November. It wasn't actually cancelled until 28 November. So Be Wiser should reasonably have sent a new cancellation letter with the correct cancellation date. And obviously the phone calls that Be Wiser attempted made no difference as they never spoke to Miss P.

I don't consider that Be Wiser acted fairly in the way it cancelled Miss P's policy. I consider Be Wiser ought reasonably to have done more to put Miss P on notice that her policy was being cancelled. The way it has dealt with Miss P has caused her unnecessary trouble and upset. She has had the trouble of sorting this matter out and has been unable to obtain alternative insurance.

Be Wiser says it hasn't recorded information about Miss P on CUE. It should still write to Miss P to confirm that it cancelled the policy in error and that it has not recorded any information on any database – and remove any information relating to the cancellation from its own systems.

Miss P says that she used her car to drive her two small children after the policy was cancelled. This has understandably caused her some worry about what could have happened.

In all the circumstances, I think it would be fair for Be Wiser to write to Miss P confirming it cancelled the policy in error, remove any records relating to the cancellation from its

systems, write off the remaining balance and reverse any cancellation costs it has applied. It should also pay Miss P £150 to reflect the trouble and upset she's experienced.

my final decision

My final decision is that I uphold this complaint. Be Wiser Insurance Services Ltd should:

- Provide a letter explaining that Miss P's insurance was cancelled due to its error and that it has recorded no information about the cancellation on any internal or external databases.
- Remove any information it has recorded about Miss P in relation to the cancellation on its own systems.
- Write off Miss P's balance.
- Pay Miss P £150 for any trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 7 August 2017.

Ken Rose
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