

complaint

Mr M complains about the motor insurance policy he was sold by Be Wiser Insurance Services Ltd.

background

Mr M took out a motor insurance policy with Be Wiser for his van. He took the policy out through a price comparison website on 12 December 2016. As part of the application process on that website he was asked how many years No Claims Discount (NCD) he had. He entered a zero. When the quotes were generated he selected Be Wiser's priced at £770. He paid the deposit of £184.05 and was sent the policy documents a few days later.

The covering letter that arrived with the documents summarised the cover Mr M had bought. It also included the following paragraph:-

"Your policy has been based on 9 years No Claims Discount. We ask that you provide details of this by email..."

As Mr M had zero years' NCD he was unable to provide the details requested. So, Be Wiser said he'd need to pay an additional premium (AP) of £1500. Mr M felt he had no choice but to cancel the policy. He then complained to Be Wiser.

He said he'd put the correct NCD years on his application and was offered cover at a price based on the answers he'd given to the questions he was asked. Mr M obtained a copy of the screenshots from his application and sent them to Be Wiser. Be Wiser said that whilst he said he had zero years' NCD it'd offered him cover on the assumption he had 9 years' claims free driving. It pointed out the price comparison site's terms of use which said certain assumptions are made based on the responses most commonly given by its users. It said it used these assumptions to pre-populate answers to certain questions and if any of that information is incorrect it is the user/consumer's responsibility during the application process to change the answers. Be Wiser said that whilst it'd tried to find him a more competitive quote it hadn't been able to so, as a gesture of goodwill, it agreed to waive all the set up and cancellation charges associated with the policy refunding him £166.44 of the £184.05 he'd paid.

Unhappy with Be Wiser's findings, Mr M complained to this service. Our adjudicator investigated the complaint and recommended that it was upheld. He thought that Be Wiser hadn't treated Mr M fairly and should pay him compensation of £150 for the trouble and upset it'd caused him and remove the policy cancellation from Mr M's records and any other relevant databases. Be Wiser disagreed with our adjudicator's findings and asked that the complaint be referred for an ombudsman's decision.

my findings

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

Despite Mr M answering the question on the application about the number of years NCD he had correctly, it seems that Be Wiser offered him cover at £770 based on an assumption he had 9 years NCD. That's what it said in its welcome letter. When Mr M was unable to prove he had 9 years NCD, Be Wiser charged him a very significant AP.

In response to Mr M's complaint, Be Wiser has said that the price quoted (and accepted) on the price comparison site was based on him having been driving for a number of (unspecified) years without ever making a claim. It also said he wasn't asked to prove he actually had 9 years NCD. But I can see that the question on the price comparison site was clearly asked and correctly answered. And the letter it sent Mr M immediately after he bought the cover did ask him to provide details of his 9 years NCD. There was no question asked at any point about how many years claim free driving Mr M had.

Be Wiser has drawn a distinction between NCD and 'claim free driving'. It's said that the quote was based on Mr M having had a driving licence since 2001 and having never declared any claims or losses. It says the assumption was that Mr M had been driving claim free for many years but for some reason had never accrued any NCD. This assumption was made despite Mr M saying he had zero NCD. Be Wiser says it required proof from Mr M that he'd been driving claim free for a number of years. But this isn't what he was asked on the application form and it isn't the information he was asked for in the letter. And whilst Be Wiser now says the amount of NCD had no influence on the premium quoted, it wouldn't be reasonable to ignore that that's not what it said in the welcome letter nor that it hasn't provided us with any evidence that this was the case.

Be Wiser now says that, due to the volume of letters it sends out, it draws certain elements of them from 'information on the system'. This includes the part of the welcome letter asking Mr M for proof of his NCD. It said it was sorry for any confusion this may've caused. It sent us a printout of one of its screens which it said showed that the premium wasn't based on the presumed 9 years NCD. But I'm not persuaded that the screenshot does show that.

When Be Wiser discovered that its assumption couldn't be substantiated it offered to continue cover if Mr M paid an AP. I don't think that's fair. And I can't see why an assumption was relied on when accurate and honest information was given during the application process. Consumers are warned they must answer honestly the questions they are asked when applying for cover. It's not unreasonable for a consumer that has done so to expect that the prices generated as a result should be reliable.

When faced with an AP of £1500, having honestly answered the questions he was asked, it's not unreasonable for Mr M to have decided to cancel the policy. And I don't consider it fair, in these circumstances, for Mr M to have a policy cancellation on his records. He contracted in good faith and what then followed was not his fault.

Whilst I accept that Be Wiser has waived the set-up and cancellation fees in relation to Mr M's policy I do think that some compensation is warranted for the trouble and upset Mr M has been put to as a result of the incorrect assumptions made which were no fault of his own. Be Wiser has said that Mr M has suffered no financial loss. That may be, but the compensation I am requiring it to pay is for the trouble and upset caused, and I think that compensation of £150 is a fair amount in these circumstances. I also think that the cancellation of the policy should be removed from Mr M's records and any internal or external databases on which it appears.

my final decision

My final decision is that I uphold this complaint.

I require Be Wiser Insurance Services Ltd to pay Mr M compensation of £150 for the trouble and upset it caused him when he bought his motor insurance policy. It should also ensure

that the cancellation of the policy is removed from Mr M's records and any internal or external databases.

Be Wiser Insurance Services Ltd must pay the total compensation within 28 days of the date on which we tell them Mr M accepts my final decision. If it pays later than this it must also pay interest*on the compensation from the date of my final decision until the date of payment at 8% per year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 23 October 2017.

Claire Woollerson
Ombudsman

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