

## **The complaint**

Mr C1 complains that MCE Insurance Limited cancelled his motorcycle insurance policy and offered him a new one at a higher price. He wants compensation for the financial losses this caused. Mr C1 is represented in this matter by his father, Mr C2.

## **What happened**

Mr C1 took out a policy with MCE, paid for by Mr C2. Due to system problems, MCE were unable to send Mr C1 his policy documents. After two months, the policy was cancelled, and MCE charged Mr C1 just for his time on cover and it paid a refund of the remainder of his payments. It then offered Mr C1 a new policy at a higher price. Mr C1 couldn't afford this and he found cover elsewhere, also at a higher price. He complained to MCE who refunded the premiums in full. But Mr C2 thought MCE should pay the difference in premiums for the new policy and compensate Mr C1 for the loss of his No Claims Bonus (NCB) for two months.

Our investigator didn't recommend that the complaint should be upheld. He thought MCE had provided Mr C1 with poor service. But he thought its redress, which was two months of free cover, was sufficient compensation for the impact the error had on Mr C1. He didn't think it was responsible for the premiums set by the insurer.

Mr C2 replied that the loss of two months NCB was detrimental to Mr C1. He asked for an ombudsman's review. So the complaint has come to me for a final decision.

## **What I've decided – and why**

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

MCE said that it changed its systems and, due to an error, Mr C1's policy wasn't set up correctly and it was unable to correct this. So it was no longer able to keep the policy active and it had no other option but to cancel the policy and offer Mr C1 a new one.

I think Mr C1 received a poor level of service from MCE. He didn't receive his policy documents. He had no response to his attempts to contact MCE due to high call and email volumes. And then he had to find cover elsewhere.

When a business makes a mistake, as MCE accepts it has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

Mr C1 said the impact, in summary was:

- He spent time on webchats trying to contact MCE to get his policy documents, but without any response.
- He lost two months NCB entitlement.
- He had to pay for more expensive cover elsewhere and was without cover for four days.
- I think he was also caused avoidable worry and upset by the cancellation.

To restore Mr C1's position, I would expect MCE to ensure that Mr C1 wasn't adversely affected by the cancellation. As the cancellation wasn't due to any error caused by Mr C1, I would expect that this wouldn't be recorded on any internal or external databases and that Mr C1 need not disclose this to any future insurer. If he wants confirmation of this, I think MCE should provide him with a letter confirming this.

MCE isn't responsible for the premiums set by insurers. So I can't say that MCE should compensate Mr C1 for having to pay more for his cover elsewhere.

MCE initially said it would charge Mr C1 just for his time on cover and refund him the remainder he'd paid in premiums and a deposit. When Mr C1 complained, MCE provided him with a full refund. The amount refunded meant that Mr C1 had, in effect, about two months cover for free.

I think this offer restores Mr C1's position and compensates him sufficiently for the impact caused by its error, his time spent, avoidable stress and loss of two months NCB. The level of redress is in keeping with our published guidance, so I think it's fair and reasonable. And so I don't require MCE to do anything further.

### **My final decision**

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C1 to accept or reject my decision before 11 October 2021.

Phillip Berechree  
**Ombudsman**