

The complaint

Mr F has complained about the broker Arthur J. Gallagher (UK) Ltd's decision to cancel his commercial vehicle insurance policy on behalf of the insurer.

For ease I'll refer to the broker as AJG in my decision.

What happened

In April 2021 Mr F bought a commercial vehicle insurance policy through a broker, AJG. AJG asked for verification documents from Mr F as requested by the insurer of the policy.

Mr F wasn't able to provide a V5 registration document to show he was the registered keeper of the vehicle. He said the seller had sent this to DVLA and it was outside of his control as to when he would receive this. There were further problems as the seller had put the wrong address on the form so Mr F didn't receive what he needed from the DVLA.

AJG arranged for the policy cancellation to be postponed a number of times to allow time for the V5 registration document to reach Mr F. It eventually asked Mr F to complete an alternative form – a V62 form along with proof of postage to the DVLA. However, Mr F didn't agree to do this and wanted to contact the seller. Mr F's policy was cancelled in September 2021.

Our Investigator thought the cancellation process had been fairly followed. So he didn't recommend any changes to this. But he thought there were times when AJG could have better communicated with Mr F. For the inconvenience caused, he recommended AJG pay Mr F £150 compensation.

AJG accepted the Investigator's recommendation. Mr F didn't agree. He is very unhappy with the way AJG handled things. He is also very unhappy with having to pay the balance of the yearly premium to the insurer on cancellation as a claim had been made under the policy.

Mr F says he wishes he had applied for the V62 form sooner but he didn't have any confidence in AJG that it would prevent the cancellation of his policy. Mr F says the impact of the cancellation and having to pay the balance of the premium has been severe; both financially and personally.

Our investigator has explained to Mr F his options regarding the complaints he has about the insurer and the way the claim was dealt with.

Mr F wants an ombudsman 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.

I'm sorry to read of the impact the cancellation of the policy has had on Mr F. I've taken an even handed approach when looking at what each party says about the complaint and whether AJG in their role as a broker acted reasonably.

Mr F bought the policy in April 2021. AJG told Mr F that the insurer would only be able to provide cover for 21 days if it didn't receive verification documents in order to support the cover it provided. These documents included registration of the vehicle to Mr F: a V5 document.

I understand there were difficulties in providing this document and these were outside of Mr F's control. However I can also see that AJG arranged for the cancellation to be postponed a number of times until September 2021 – six months after the policy started. And I think that it was possible for Mr F to provide the alternative documents AJG asked for: a V62 form with proof of postage. At this point I don't think it was unreasonable for the cancellation of the policy to go ahead when Mr F didn't provide the V62 form. This was something within Mr F's control to prevent the cancellation of the policy in September 2021. I think he had been given a very reasonable period of time for cover to continue up until this point.

There were times when AJG issued correspondence confirming the cancellation of the policy when it agreed to extend the date. But I can see that it corrected this position promptly with Mr F.

Mr F says he lost wages of between £300 and £600 a day as a result of the cancellation and he doesn't think it fair he has to repay the balance of the cancelled policy. We also look at what a customer did to mitigate their circumstances. In this case I can't say that AJG's actions in processing the cancellation were unreasonable or led to Mr F being prevented from buying alternative insurance so as to continue earning a living.

But I think AJG should pay compensation for the inconvenience it caused by its poor communication at times. I think an award of £150 is fair in this case. I understand Mr F says it isn't enough and has compared it to the balance premium he owes the insurer. But as the Investigator explained, the Insurer's handling of the claim and the premium owed is separate to my decision about the actions of the broker AJG.

I realise Mr F will be very disappointed with my decision. But I'm upholding it in part.

My final decision

For the reasons I've given above, my final decision is that I uphold this complaint in part. I require Arthur J. Gallagher (UK) Ltd to pay Mr F £150 compensation for the inconvenience its poor service caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 7 July 2022.

Geraldine Newbold
Ombudsman