

The complaint

Mr C says when he told his broker - Bennetts Motorcycling Services Limited – that he had a full motorcycle driving licence, it cancelled his motorcycle insurance policy immediately.

What happened

Mr C was insured through Bennetts on a provisional motorcycle driving licence for many years. His policy last renewed in July 2022. When Mr C passed his motorcycle driving test in March 2023, he called Bennetts. One of its advisors told him his current insurer ('insurer A') had declined cover due to the change in his licence type. Bennetts' advisor then looked at other insurers on its panel, but none of them would quote. The advisor cancelled Mr C's policy during the call, leaving him without insurance at no notice.

One of our investigators reviewed Mr C's complaint. She said it wasn't Bennetts fault that insurer A had declined cover – or that it couldn't find another suitable insurer. But she thought it was unfair that Mr C was left without cover immediately, when it's usual to have seven days' notice of cancellation. She thought Bennetts could have done more, so she said it should pay Mr C £100 compensation for distress and inconvenience. Mr C accepted her proposed resolution, but Bennetts asked for a review of the complaint by an ombudsman.

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.

It's for an insurer to decide what risks it's willing to cover, and a change made by a consumer partway through a policy term may not be acceptable to it, for whatever reason. In this case, Mr C was dealing with an insurance intermediary, not with insurer A. And insurer A says it wasn't aware of the cancellation by Bennetts, or the reason for it.

In line with normal practice, Bennetts advisor checked the computerised system during the call with Mr C to see what insurer A would charge for continuing cover, given the change in Mr C's licence type. I think the call recording shows that the advisor was surprised and puzzled that insurer A didn't quote to cover that change. I think he acted appropriately by then checking whether another insurer on Bennetts panel would do so – and by speaking to a manager. After that, he told Mr C a manager would call him back and that he could make a complaint – but that the cancellation would be effective immediately.

Understandably, Mr C was very upset and at a loss to understand why he no longer had cover, having been insured for years before he was formally certified as fit to ride a motorcycle. I think it was reasonable for him to assume that at the very least, he'd be given some notice of the end of his cover. It's standard industry practice for a consumer to be given seven days' notice, and Bennetts' terms of business document says seven days' notice of cancellation will be given - unless the insurer is '*required to cancel earlier*'. No clarification of that is given in the document.

In this case, the decline to offer cover was an automated one. So I think the most obvious

step would have been for Bennetts to call insurer A to explain the situation and to ask if it was prepared to be flexible. Insurers have discretion around the application of their policies and procedures, so there was always a chance that insurer A might have been willing to exercise some. As that chance was lost, Mr C had to find other cover immediately.

Even if insurer A *hadn't* agreed to a notice period, Mr C would have known that Bennetts (his long-term broker, chosen by him because it was a specialist in motorcycle insurance) had done all it could. And he may also then have had a better understanding of the general situation. I think that would have made a difference to the level of upset he experienced.

In the circumstances, I think it would be fair and reasonable for Bennetts to pay Mr C £100 compensation for distress and inconvenience.

My final decision

My final decision is that I uphold this complaint. I require Bennetts Motorcycling Services Limited to pay Mr C £100 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 29 December 2023.

Susan Ewins
Ombudsman