

The complaint

Mr G has complained that Bennetts Motorcycling Services Limited unfairly and unreasonably cancelled his motorbike policy following Mr G's attempt to add a new motorbike to his policy.

Mr G changed his mind about adding the second motorbike to his policy, but Bennetts couldn't reverse the adding of the second motorbike, which meant Mr G cancelled his direct debit so then Bennetts cancelled his policy.

What happened

Mr G had insured one motorbike with Bennetts who are an insurance intermediary. He then asked to add another motorbike to his policy. When he found out the cost of doing so for the rest of his policy year, Mr B then said in the same initial phone call that he didn't want to proceed. This was because with insuring the second motorbike, his monthly premium payment would rise from £7.99 to £66.65 per month, which Mr G found too expensive since he had only a short time remaining on his policy.

Bennetts said it was unable to reverse the addition of Mr G's second motorbike. So, in an effort to limit the amount of money being taken out of his bank account, Mr G eventually cancelled his direct debit as it appeared Bennetts couldn't reverse the mid-term adjustment to his policy. He was expecting that following that cancellation, he could then set up the right payment of £7.99 per month. However instead, his policy was cancelled by Bennetts for non-payment of his premium.

So, Mr G brought his complaint to us. The investigator thought it should be upheld. She recommended Bennetts ensure all cancellation and admin fees should be refunded and that it should pay Mr G £300. Mr G agreed but Bennetts didn't so Mr G's complaint was passed to me to decide.

I issued a provisional decision on 20 February, and I said the following:

'Having done so I'm upholding this complaint for further reasons than those of the investigator. I'll now explain why.

There is no dispute that Mr G phoned up to add another motorbike to his policy during his policy year. This was permitted as each policy could support three motorbikes according to the adviser that Mr G talked to. There's also no dispute that Mr G initially agreed to adding the bike despite the increased premium but then in the same call decided to change his mind and leave his policy as it was. This was because he thought the second motorbike would be insured for a year which wasn't the case. The extra premium quoted was only for insuring the motorbike for the remainder of the policy year. So, when Mr G realised it was only for this short time period, a period of around four months, he was of the view the additional quote he was given was far too high given he could insure his bike elsewhere for around the same cost but for a full year.

I don't consider Mr G behaved unreasonably here, as he simply changed his mind once he understood the cost implications. I also consider it was also reasonable for him to assume it was a relatively simple matter for the adviser to simply undo the addition of the second motorbike. There was no time lapse in Mr G's decision to change his mind. Any reasonable person would assume it was a simple issue to cancel this. From the call recording, the adviser likewise thought he should be able to do this and was confused that he couldn't, given he said he was talking to the back office to try and get it sorted out.

However, for reasons that are not clear to me Bennetts was of the view there was no system error but more importantly no such change of mind by its policyholder could be accommodated in these circumstances. I don't consider that's fair or reasonable. Insurance policies are always capable of being cancelled within any cooling off period which is usually 14 days. Therefore, it should follow that the addition of another motorbike could likewise be cancelled too, more so as it was being cancelled within the same phone call that it was initially added.

So, I consider whatever system issues Bennetts faced for whatever reason are wholly irrelevant. It is perfectly acceptable for a consumer in the one telephone conversation to change their mind about adding another motorbike to a policy in the way that happened here. And therefore, I consider Bennetts should have overridden its system or explained the matter properly to the underwriters who could have amended the situation without this level of gross inconvenience to Mr G.

But instead of this happening Mr G received a letter from the finance company on 12 April 2023 who dealt with the premium instalments Mr G had to pay. That letter said his new payment was now £66.56 instead of £7.99 per month. In exasperation, Mr G cancelled his direct debit, hoping the matter could be better sorted out that way following the anticipation of discussions to sort out his direct debit. Instead, the matter went down the default route where his policy was cancelled on 10 May 2023. This was in spite of Mr G receiving a letter from Bennetts on 17 April saying the matter was sorted out. I consider it's most unfair that Bennetts cancelled Mr G's policy in this way. It knew all about the situation and that Mr G simply wanted this additional bike removed from this policy, but nevertheless Bennetts seemed incapable of following Mr G's direct and clear instructions on the matter.

Bennetts then said which added even more confusion to the matter via its final response letter that apparently the second motorbike was removed which generated a refund of £180.66. This was then sent to the finance company who dealt with the premium instalments. I don't quite understand this as it was always clear Mr G didn't want this second motorbike insured so sending it off to the finance company must mean that Bennetts were still working under the misapprehension that the second motorbike was insured under the policy. But that wasn't Mr G's instructions to Bennetts.

However, this apparently still left a difference owing to Mr G of £38.30 which Bennetts said it sent to Mr G, given I assume the incorrect assumption there was anything owing for the second motorbike. I'm afraid this doesn't make sense to Mr G's instructions as on the call recording, he wanted the additional motorbike removed from cover within minutes of being added and for his policy to return to what it was before the new motorbike was added. Also, Bennetts said Mr G's additional motorbike was on cover for five days which generated a payment due of £27.24 which Mr G paid or rather which it seemed to withhold from any refund it gave him.

This all doesn't make any sense to Mr G's instructions or indeed the subsequent cancellation of his policy. As far as Mr G is concerned his additional motorbike should have never been insured for any time under this policy and he didn't owe Bennetts anything but the £7.99 per month for the remainder of his policy year for the cover for the original motorbike insured. He had insured this second motorbike elsewhere the very same day he talked to Bennetts and got into this situation. Indeed, also Mr B said he tried to pay the remainder of his premium by a lump sum in order to sort the matter out, to no avail.

Therefore, I consider Bennetts should now remove any record of it cancelling Mr G's policy for non-payment of premium from all internal and external databases. It should also provide a letter for Mr G to explain and confirm it recorded the cancellation of his policy for non-payment of premium in error. It should also refund all admin and cancellation charges with interest. It should refund all costs of insuring the second motorbike with interest. I note there have been some refunds to Mr G along with some charges to include time on risk which are exceptionally difficult to follow given Bennetts couldn't switch Mr G's policy back to how it was originally. For the avoidance of any doubt the only monies it should retain is the payment of premium for the original motorbike insured up to the date it wrongly cancelled that policy.

This caused Mr G significant distress and upset. The investigator suggested Bennetts should pay Mr G £300 compensation. However, Mr G is vulnerable in that he suffers from some mental health problems. Therefore, I consider the extent of his distress over this matter warrants a higher compensation payment in those circumstances. I consider the compensation payment should be increased to £400 in these circumstances, bearing in mind our stance on these issues which are more fully detailed on our website.'

Mr G replied saying he had nothing further to add. Bennetts didn't respond.

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.

Having done so again and in the absence of any further information for my consideration from Bennetts, I see no reason to change anything I detailed in my provisional decision above.

My final decision

So, for these reasons, it's my final decision that I'm upholding this complaint.

I now require Bennetts Motorcycling Services Limited to do the following:

- Remove the policy cancellation from all internal and external databases and provide Mr G with a letter explaining this policy was cancelled due to an error on Bennetts behalf.
- Refund to Mr G all cancellation and admin charges adding interest of 8% simple per year from the date these charges were paid by Mr G to the date of the refund.
- Refund to Mr G all premium charges for insuring this second motorbike adding interest from the date it charged Mr G to date of the refund, ensuring the only monies it retains is the premium for the original motorbike up to the date it wrongly cancelled

that policy.

- If income tax is to be deducted from the interest, appropriate documentation should be provided to Mr G for HMRC purposes.
- Pay Mr G £400 compensation for the excessive distress and upset it caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 3 April 2024.

Rona Doyle
Ombudsman