

## The complaint

Mr B complains that Wakam didn't renew his commercial van insurance policy and as a result, he had to buy cover at short notice elsewhere and lost earnings.

## What happened

Mr B had a commercial van insurance policy which covered him using his van for his business. The policy was a 30-day policy which Mr B renewed a number of times.

At renewal in March 2024, Mr B was told by Wakam that the 30-day policy was no longer available. They were also unable to offer any alternatives.

Mr B says that he struggled to find insurance elsewhere and had to take out emergency cover and lost two days of earnings. So, Mr B complained to Wakam. Wakam said the underwriting criteria had changed and they were no longer able to offer a policy.

As Mr B remained unhappy, he approached the Financial Ombudsman Service.

One of our investigators looked into things but she didn't uphold the complaint. She said that Wakam had applied their underwriting criteria fairly and they communicated not being able to offer renewal in a reasonable timeframe.

Mr B didn't agree so the case was passed to me for a final decision.

I reached a different outcome to our investigator, so I issued a provisional decision to give both parties an opportunity to comment on my initial findings before I reached my final decision.

## What I provisionally decided – and why

In my provisional decision, I said:

*"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, I've reached a different outcome to our investigator. So, I'm issuing a provisional decision to give both parties an opportunity to comment on my initial findings before I reach my final decision.*

*Mr B was using his vehicle for removal work and had a commercial policy with Wakam which covered carriage of goods for hire and reward. The policy was short-term for a period of 30 days, rather than 12 months, and Mr B renewed cover several times at the expiry of the 30 days.*

*At the point of policy expiry in March 2024, Mr B was unable to renew his policy online, so he contacted Wakam. Mr B was told that Wakam were no longer able to offer the 30-day policy on the basis of a change in underwriting criteria. Wakam were*

*also unable to provide an alternative 12-month policy due to the change in underwriting criteria.*

*It isn't the role of this service to decide Wakam's underwriting criteria as this is their commercial decision. However, we can consider whether it has been correctly applied. Whilst I can't share the full details with Mr B as its commercially sensitive, Wakam has provided this service with a copy of their underwriting guidelines, and I'm satisfied they've fairly applied these and were no longer able to offer a policy on this basis. So, more widely, I don't think Wakam acted unfairly by no longer offering a policy.*

*However, I don't think Wakam acted fairly in communicating this to Mr B, and unless anything changes as a result of the responses to my provisional decision, I'll be directing Wakam to pay Mr B compensation along with loss of earnings for one day. I'll explain why.*

*I asked Wakam if the change in underwriting criteria and no longer being able to offer cover was communicated to Mr B prior to the renewal date and they advised:*

*"We are only able to know if a quote is declined when we complete the check so when the customer contacted us and we took all the information needed for the quote that's when we realised and informed him that the quote was declined."*

*Wakam also said:*

*"This was told to the customer at the point of purchase and not in the middle of the policy, allowing the customer to look for policies elsewhere that meet the underwriting criteria.*

*When the customer was communicated this there was no contract between us and the customer and the change in the underwriting criteria would affect the customer like all our customers using the product."*

*However, I don't agree Wakam's views and position here is reasonable. The policy was a renewable 30-day policy, Mr B had renewed it a number of times when it automatically renewed, and the policy information document also confirms:*

*"When does cover start and end?*

*30-day policies:*

*The policy will be valid for 30 days from the start date shown on your policy Certificate. Your policy will automatically renew 72 hours before your expiry date."*

*So, Mr B's policy wasn't automatically renewed, and he also didn't have any notice from Wakam that they wouldn't be able to renew it prior to the renewal date. Whilst I accept that it is a 30-day policy, not telling Mr B ahead of this expiring resulted in him not having a policy without advance notice. Therefore, it wasn't of benefit to Mr B that he wasn't told about the change in underwriting criteria mid-term as Wakam has said. In fact, the lack of notice or being told mid-term is exactly why Mr B was inconvenienced.*

*As a result of Wakam no longer being able to provide cover, without advance notice, Mr B was left without insurance and needed to arrange this in order to continue using his vehicle for work. Mr B says he struggled to find alternative cover, so he took out an emergency policy and also lost two days' work and income as a result.*

*Mr B would always have needed to obtain another policy, even if he was informed earlier, and he would have had the same difficulties given he said he struggled to find an insurer that accepted his line of work. But the fact here is that if Mr B had been given notice ahead of the renewal date, he could have arranged a policy elsewhere prior to his policy with Wakam expiring.*

*So, by Wakam failing to give notice in advance, Mr B was left without insurance and needing to find another policy before he could use his vehicle again. However, it is unclear what actions Mr B took in order to secure another policy. He says that he had to take emergency cover elsewhere, but also lost two days' pay. It isn't clear to me why it took two days to find another policy. And therefore, I don't intend on directing Wakam to reimburse two days loss of income.*

*However, I recognise it may not have been straightforward given Mr B's occupation and usage of vehicle and likely would always have taken some time to arrange. So, unless anything changes as a result of the responses to my provisional decision, I'll be directing Wakam to reimburse Mr B's loss of earnings for one day, subject to him providing proof of actual losses incurred, and that this was solely because he was unable to arrange cover until a later date after the renewal date.*

*Mr B would always have needed to arrange another policy even if Wakam had told him sooner. And he would always have had to pay for cover elsewhere. So, I don't intend on directing Wakam to reimburse the cost of the alternative policy Mr B had to take out. However, I do recognise the inconvenience having to arrange another policy at short notice would have caused, so in addition to reimbursing one day loss of earnings (subject to proof), I'm also intending to direct Wakam to pay Mr B £100 compensation."*

So, I was minded to uphold the complaint in part and to direct Wakam to:

- Reimburse Mr B's loss of earnings for one day (subject to him providing proof)
- Pay Mr B £100 compensation

## **The responses to my provisional decision**

Mr B responded and said he accepted the provisional decision.

Wakam responded but they didn't agree. They said Mr B was out of contract during the renewal period, was informed in advance, and insurance policies can only be offered if the underwriting criteria can be met. Wakam said that before a renewal, a re-evaluation of the policy is conducted considering all risk factors.

Wakam said that the risk factor had increased making Mr B ineligible for renewal and his difficulty finding other insurance policies further supports this. Wakam outlined that while no changes can be made within an active contract, it is within their rights to decline renewal if underwriting criteria are not met.

## **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.

And I've thought carefully about the provisional decision I reached and the responses to it. Having done so, my final decision remains the same as my provisional decision and for the same reasons.

In Wakam's response to my provisional decision, they've focused on the reasons they weren't able to offer a renewal – due to the change in risk. They've also highlighted it is within their rights to decline to offer renewal.

However, I don't dispute this. In fact, I addressed this specifically in my provisional decision where I outlined that underwriting criteria was Wakam's commercial decision, and they'd shown they were unable to offer cover from renewal. Whilst I didn't think Wakam had acted unfairly, or outside their underwriting criteria, when declining to renew Mr B's policy, I explained in my provisional decision why I didn't think this had been communicated fairly to Mr B.

I won't outline that again in full here, as I went into detail in my provisional decision. But in summary, Wakam hasn't shown that Mr B was informed in advance of the renewal date that from that point they'd no longer be able to offer cover. He was only out of contract because he hadn't been told his policy wouldn't be renewed in advance, and he was only told this the day of the renewal date by Wakam when he contacted them.

In my provisional decision, I said that if Mr B had advance notice from Wakam that they couldn't offer renewal, he would have had an opportunity ahead of his policy expiring to try to arrange cover elsewhere. And I explained due to not being given notice, why I was intending to direct Wakam to reimburse Mr B's loss of earnings for one day – subject to Mr B providing proof of actual losses incurred, and that this was solely because he was unable to arrange cover until a later date after the renewal date.

I also explained why I wouldn't be directing Wakam to reimburse the premiums incurred for a policy elsewhere, but why I was intending to direct Wakam to pay £100 compensation.

Nothing Wakam has provided me in response to my provisional decision changes my view of the complaint or the reasons why I reached that view, or what is fair and reasonable redress in all the circumstances of the case.

## **My final decision**

It's my final decision that I uphold this complaint in part and direct Wakam to:

- Reimburse Mr B's loss of earnings for one day (subject to him providing proof)
- Pay Mr B £100 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 17 December 2024.

Callum Milne  
**Ombudsman**