

## **complaint**

Mr L has complained that Be Wiser Insurance Services Ltd didn't tell him it cancelled his motorcycle insurance policy.

## **background**

Mr L bought a motorbike policy through a broker, Be Wiser, in February 2016. It later cancelled his policy as it didn't receive further items the insurer wanted to see.

Mr L said he didn't receive any emails or calls from Be Wiser. He didn't know his policy had been cancelled until he checked when his MOT was due online – and saw his motorbike was listed as uninsured. He complained to Be Wiser.

Be Wiser didn't uphold his complaint. It said it contacted him by email, letter and phone several times before it cancelled his policy. But because it didn't get the items the insurer needed, the insurer requested Mr L's policy be cancelled. After deducting its fees and days on cover, it said Mr L wasn't due any refund. But it would refund him £40 as a gesture of goodwill to resolve his complaint.

Mr L remained unhappy, so he brought his complaint to us. Be Wiser didn't provide its file, so the adjudicator initially upheld Mr L's complaint. Be Wiser then provided further information and the adjudicator changed her view. She thought Be Wiser had done enough to alert Mr L to the cancellation as it had written to him as well as emailed him before it cancelled his policy. She didn't think it had explained it would charge a commission fee. And she didn't think its terms of business were clear enough to show it would charge a set up fee of £65, as well as a cancellation fee of £75, if Mr L's policy was cancelled.

So she recommended Be Wiser only charge Mr L a total of £40 for cancelling his policy – as this was proportionate to his yearly premium and the administration and cancellation of his policy.

Be Wiser didn't reply. Mr L said Be Wiser's dates for when it wrote to him aren't consistent. And it's quoted the wrong insurer as to who he was insured with.

So the matter has been passed to me to decide.

## **my findings**

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

Mr L says he works off shore. He's provided a list of the dates when he was off shore to show Be Wiser couldn't have been able to call him as his phone would have been switched off.

Be Wiser said it tried to call Mr L but there was no answer. I think its explanation is reasonable and doesn't mean it couldn't have called Mr L. In any event, I think Be Wiser did enough to let Mr L know his policy would be cancelled and I'll explain why.

Be Wiser contacted Mr L several times by email before it cancelled his policy. Mr L says his email account was shut down by the provider. I can't hold Be Wiser responsible for Mr L not receiving its emails. This was a problem outside of their control which Mr L was aware of. So the onus was on Mr L to let Be Wiser know he couldn't be contacted by email.

Be Wiser has provided copies of three letters it sent to Mr L: two in the month before it cancelled his policy, warning Mr L if it didn't receive the documents the insurer wanted, it would cancel his policy. The third letter was a cancellation confirmation letter, sent a week after the cancellation took place. Mr L says he didn't receive anything from Be Wiser – and the dates it said it wrote to him are different to the dates of the letters.

There is a difference of one day in one of the letters – I think this is an error but it doesn't mean the letter wasn't sent. And one of the letters Be Wiser refers to was from the insurer to Mr L – so it doesn't match any of the dates of Be Wiser's letters. I'm satisfied Be Wiser did enough to let Mr L know his policy would be cancelled before it was – and when it was. As it didn't hear from Mr L, I think the cancellation was reasonably applied.

Mr L said Be Wiser said the insurer he had his policy with was incorrect, so this highlights a further discrepancy. This may be the case, but I don't think it makes a difference as to whether Be Wiser reasonably cancelled his policy.

Be Wiser's terms of business says Mr L's yearly premium was £117.71 plus a set up fee of £65.00, bringing the total yearly premium to £182.71.

It says in the event of cancellation, Be Wiser will charge £75 in addition to the insurer's days on cover.

We have a long standing approach to the level of fees charged on cancellation of a policy. We think they should be proportionate to the reasonable costs of administering a policy. In this case, I don't think it's proportionate for Be Wiser to charge Mr L £140 in set up and cancellation fees for a policy with a yearly insurance premium of £117.71. Mr L was insured for less than two months, so the insurer's charge for days on cover was £35.31.

In addition, Be Wiser charged a commission fee of £8.24. But it didn't tell Mr L it would charge a commission fee in its terms of business. So I don't think it's fair to charge Mr L £8.24 on cancelling his policy.

I think it's fair for Be Wiser to charge a reasonable fee for the arranging and cancellation of Mr L's policy. A proportionate fee for the yearly premium Mr L paid is £40. So Be Wiser should refund the difference of what Mr L paid minus £35.31 for days on cover and £40. I understand Mr L paid three instalments. Be Wiser says Mr L paid £158.19. If Mr L arranged to pay for his policy through a credit agreement, Be Wiser may need to deduct any interest or credit fee payable from the balance.

Because Mr L should have received the appropriate refund earlier, I've awarded interest on the refund from the date of cancellation to the date Br Wiser pays it.

### **my final decision**

For the reasons I've given above, my final decision is that I uphold this complaint in part. I require Be Wiser Insurance Services Ltd to do the following:

- Reduce its charges for setting up and cancelling Mr L's policy to £40.
- Refund the balance to Mr L, deducting days on cover and subject to any finance fees if applied.
- Pay Mr L interest on the refund at the simple rate of 8% per year from the date Be Wiser cancelled his policy to the date it makes the payment.

HM Revenue & Customs requires Be Wiser Insurance Services Ltd to take off tax from this interest. Be Wiser must give Mr L a certificate showing how much tax it's taken off if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 19 December 2016.

Geraldine Newbold  
**ombudsman**