

## **complaint**

Mr G has complained about Adrian Flux Insurance Services Group's service concerning a motor insurance policy.

## **background**

I issued a provisional decision on 6 June 2019. For ease I've repeated the majority of that below. I said:

*"Mr G asked Adrian Flux to provide him with a quote to insure his new car. It asked him if he'd earned any no claims bonus (NCB). Mr G said he'd been riding a scooter for two years and had earned an NCB on that. Adrian Flux provided a quote with two years no claims bonus, underwritten by an insurer (the insurer) which is independent from Adrian Flux. Mr G bought the policy. Adrian Flux arranged for a finance company to provide credit for the premium, so Mr G could repay it in monthly instalments by direct debit.*

*The next month the insurer said that Mr G wasn't entitled to any NCB. So it recalculated the premium and charged around £374 more. After Mr G complained the insurer agreed to reduce the additional premium to around £115.*

*Mr G wasn't happy and cancelled his policy. Adrian Flux said that after cancelling the policy Mr G still owed about £210. Mr G brought his complaint about that to us.*

*Adrian Flux agreed to waive the £210 still owing but Mr G didn't think that went far enough. Our adjudicator didn't think Adrian Flux had dealt with Mr G reasonably. So she said it should pay Mr G £100 compensation.*

*Mr G didn't think that was fair enough so his complaint's been passed to me to decide.*

## **my provisional findings**

*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, it's likely I'll uphold it.*

### **NCB and additional premium**

*Adrian Flux is an insurance broker. That means it sells and administers insurance policies but doesn't provide the cover or set the premiums charged. And it was the insurer that told Adrian Flux to charge the additional premium, that's not something Adrian Flux is responsible for. But, as Adrian Flux was selling the policy, I think it had a responsibility to give Mr G enough information to make an informed decision about whether or not the policy and premium were suitable for him.*

*I've listened to the call when Mr G bought his policy. At the time, Mr G was still under 18 years old. Adrian Flux specifically asked him if he'd earned any NCB while riding a moped. Mr G said that he'd ridden a 50cc scooter for two years and he'd earned NCB for that. He added that he currently had another policy for a car he was selling and the moped NCB had been applied to that. He said he was planning to cancel that policy as he'd sold his old car.*

*Adrian Flux said it would see if it could apply the NCB when looking for quotes. After doing that it offered Mr G a policy for around £2,160 a year. That price included two years NCB.*

*Mr G bought that policy. Later in the call Adrian Flux told Mr G that he'd need to send it proof of his "private car no claims".*

*Mr G provided a copy of a letter from his insurers showing he had two years NCB from a motorcycle policy. Adrian Flux checked with his previous car insurer who said the bike NCB hadn't been applied to his car policy. And Mr G hadn't had the car policy for long enough to earn any NCB on it. In other words it said that Mr G didn't have any private car NCB.*

*Mr G's new insurer wouldn't accept the two years bike policy NCB. So it charged Mr G the balance of the cost of the policy without it. As a result Mr G's monthly instalments increased and Mr G cancelled the policy. In the process he incurred charges for a number of things including Adrian Flux's admin fees, loss of commission, the cost of a telematics box, and charges for other associated policies that were non-refundable. So I've thought very carefully about whether or not it was fair for Adrian Flux to charge Mr G for any of those things.*

*When gathering information to provide quotes brokers will require potential policyholders to provide accurate information. That should enable a broker to provide sufficient information so that a consumer can make an informed choice about whether a policy is suitable for them. So it's equally important that when sourcing such policies a broker takes care to accurately report what a consumer has told it.*

*In this case I think Mr G answered Adrian Flux's questions to the best of his knowledge. It specifically asked him if he'd earned any NCB on a moped and he answered that he had. He didn't at any point say he'd earned NCB on a private car. But it seems that's the way Adrian Flux used the information he'd given it. That is, it recorded Mr G as having two years NCB applicable to a car policy; even though it must have known Mr G wasn't old enough to have held a UK driving licence for a full year. So his chance of having earned NCB from a private car policy was extremely remote.*

*Adrian Flux mistakenly provided a quote based on two years NCB on a private car, rather than any NCB earned on a moped. I'm satisfied that mistake was Adrian Flux's alone and not because of anything Mr G did or didn't say. So the premium quote that Mr G accepted was artificially low because it included a two year no claims discount he wasn't entitled to under the insurer's rules. And if it hadn't been for Adrian Flux's mistake with the NCB then the insurer wouldn't later have charged the additional premium. Because Mr G wouldn't have been offered a policy at a premium of £2,160 in the first place. And there's no guarantee that if Adrian Flux had quoted the higher price Mr G would have accepted it.*

*So I can understand Mr G's unhappiness when Adrian Flux said he'd need to pay an additional premium. I understand that prompted Mr G to cancel the policy. And as a result he had to pay additional fees and charges. He wouldn't have been charged for those cancellation costs if it wasn't for Adrian Flux's mistake. So I don't think the charges were fair.*

*To put things right Mr G thinks that Adrian Flux should refund him everything he's paid. In contrast Adrian Flux said it would cover the remaining £210 that Mr G still owed after cancelling the policy. But I don't think either position is fair.*

*It's clear that Mr G was happy to accept the policy on the basis of a cost of £2,160 (inclusive of Adrian Flux's fees). And he did have the benefit of the cover up until the day he cancelled the policy. So I think it's reasonable that he pays a proportionate sum for the time he actually benefited from the insurer's cover at the price Adrian Flux originally quoted him.*

*I understand Mr G was covered from 2 November 2017 to 11 January 2018, which is 71 days. So I think it's reasonable that Mr G pays for that time on cover. I've seen that the insurer charged a premium of £1,903.50 for the year. So I think an appropriate charge for Mr G's time on cover is  $[(1,903.50 \div 365) \times 71]$  £370.27.*

*According to the information Adrian Flux has shown me Mr G made payments totalling £749.88 towards cover. So I think he's paid more than the cost for his time on cover. It follows that I think Adrian Flux should refund the difference, which I calculate to be  $[749.88 - 370.27]$  £379.61. It should add simple interest at a rate of 8% a year to that sum from the date Mr G cancelled his policy to the date it makes payment. It should also liaise with the finance provider to ensure that any debt associated with the credit is marked as paid on any credit materials and/or databases. And write to Mr G to confirm that's happened.*

*I'm also aware that this complaint has been a considerable source of unnecessary distress and inconvenience for Mr G. Particularly as he's been out of pocket while pursuing it and he's had additional concerns over whether or not the matter was affecting his dad's credit record. To address that I think it should pay him £250 compensation.*

*guarantor*

*Mr G's complained that he didn't give consent for his dad to be added as a "guarantor" to the credit agreement. But I think Mr G's mistaken. When Mr G took out the policy he was still 17. And in the initial sales call he set up the credit agreement in his father's name and with his dad's bank details. And I've seen that the finance company set up the credit in Mr G's dad's name. The credit agreement didn't mention Mr G in person at all. And the agreement's documents confirmed that in order to benefit from it the credit holder would have to be over 18 years old. I've also heard Adrian Flux tell Mr G during that sales call that it would need to put his dad down as a guarantor. So I don't think it added Mr G's dad to the credit agreement without Mr G's consent.*

## **developments**

Mr G accepted my provisional decision. Adrian Flux replied and said: "I can advise that the customer confirmed that the NCB, although earned on a motorcycle, was coming via a private car policy that he would be cancelling. If he had done that, there would have been no additional premium and he would not have chosen to cancel."

## **my findings**

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'm going to uphold it.

Adrian Flux's response to my provisional decision implies that it was Mr G's mistake that led it to incorrectly say that he had two years private car NCB. But I've listened to the relevant call very carefully. And I remain satisfied that Mr G answered Adrian Flux's questions to the best of his knowledge and that the confusion that arose was because of Adrian Flux's error in recording what Mr G had told it. It follows that I don't intend to amend my provisional findings as set out above.

### **my final decision**

For the reasons set out above I partly uphold this complaint. I require Adrian Flux Insurance Services Group to:

- Refund the sum of £379.61 to Mr G. It should add simple interest to that amount from the date Mr G cancelled his policy to the date it makes payment at a rate of 8% a year simple<sup>1</sup>.
- Liaise with the finance company to ensure that any debt associated with Mr G's policy is cleared and recorded as such on credit databases. It should write to Mr G to confirm this has happened.
- Pay Mr G £250 compensation to address his distress and inconvenience arising from the circumstances of this complaint.

Adrian Flux should pay the compensation within 28 days of us telling it that Mr G has accepted my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a rate of 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 21 July 2019.

Joe Scott  
**ombudsman**

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<sup>1</sup> If Adrian Flux considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr G how much it's taken off. It should also give Mr G a certificate showing this if he asks for one, so he can reclaim the tax from HMRC if appropriate.