

complaint

Ms J is complaining that Diane S Malone (trading as Diamond Insurance Consultants) cancelled her motorcycle insurance policy.

background

Ms J took out a motorcycle insurance policy through Diane S Malone – a broker. Shortly after taking out the policy, Diane S Malone found out about some claims Ms J had made on her car insurance policy which it said she should've disclosed. Ms J didn't think claims she made on her car insurance should affect her motorcycle insurance. So she didn't think she should have to disclose them.

The insurer charged an additional premium which Ms J paid. But shortly afterwards Diane S Malone made the decision that it didn't want to deal with Ms J as a client any longer. It says it did so because it said she continually misrepresented the facts on all her insurance policies and it said she was rude to its staff. So it asked the insurer if it could cancel the policy. And the insurer agreed. So Ms J's insurance policy was cancelled and she was given a pro-rata refund on the premium.

Ms J complained that Diane S Malone cancelled the policy. She says it did so because she cancelled a separate commercial property insurance policy she'd taken out through Diane S Malone. And she also wanted a full refund of the premium that she'd paid for the policy.

Our investigator didn't uphold the complaint. Ms J didn't agree, so the complaint's 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.

I've decided to not uphold this complaint and I'll now explain why.

Diane S Malone cancelled Ms J's insurance policy for two reasons:

1. It says that Ms J continually misrepresents the material facts. And it says it can't continue to operate in this way as it doesn't know whether it has the correct information to ensure she's suitably protected; and
2. It says that Ms J has been rude and abusive to its staff. And it says it has a duty to protect the staff so it wasn't willing to have any more dealings with her.

Diane S Malone has the right to make a commercial decision in respect to who it's willing to do business with. But when cancelling an insurance policy, it must exercise this right fairly and reasonably.

I note Diane S Malone has some fair concerns about the way Ms J has misrepresented material information on a number of insurance policies. And I share its concerns in respect to this. But, given Ms J had paid the additional premium for the misrepresentation on this policy, it wasn't entitled to cancel the policy for this reason.

But I think it was fair for it to say that it wasn't willing to continue to do business based on the way Ms J had acted on a number of telephone calls. Diane S Malone doesn't record its telephone calls. So I don't know for certain what was said. Given this, I have to look at what I think was *most* likely to have happened.

Diane S Malone has given us copies of the file notes for all the telephone calls it's had with Ms J since it started to act as her insurance broker. And it's also given us statements from its staff in respect to how this has impacted on them. Based on this I think it's *most* likely that Ms J has been difficult to deal with and a number of the calls have been challenging which has had an impact on the wellbeing of Diane S Malone's staff. Given this, I think it was fair for it to not want to work with her any longer.

I can see that Diane S Malone did contact the insurer to say that it didn't want to deal with her. But the insurer doesn't deal with consumers directly – it only operates through brokers. So the policy couldn't continue to run unless Diane S Malone continued to act as Ms J's broker. Given what I've said above and the fact that the policy still had around 10 months to run, I don't think it was unreasonable for the policy to be cancelled at that point.

I can also see that Ms J wasn't charged any administration charges in cancelling the policy. So I think Diane S Malone did act fairly in the circumstances of this particular case. I note Ms J wants a full refund of the premiums. But the insurer did provide insurance for the time she was insured. And it would've covered any claim that arose during that time. So I think it's fair that it charged her a portion of the insurance proportionate to the length of time she was insured. And that's what it has done.

my final decision

For the reasons I've set out above, it's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or reject my decision before 19 March 2018.

Guy Mitchell
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