

complaint

Mr W complains that Right Choice Insurance Brokers Ltd ("Right Choice") wrongly cancelled his motor insurance policy without telling him. As a result, he was stopped by the police for driving without insurance, his car was impounded, and court proceedings were started against him.

background

In December 2013, Right Choice arranged a motor insurance policy for Mr W. In January 2014, Right Choice considered there was a discrepancy in relation to Mr W's driving licence from the information he had given it. It wrote to him threatening to cancel his policy unless he contacted Right Choice.

Mr W phoned Right Choice and said he had given it the correct information. Right Choice said it would check this and get back in contact. However, it did not investigate this, and then cancelled Mr W's policy in error. On 4 February 2014, it sent a recorded letter to Mr W's address, telling him the policy had been cancelled, but it did not arrive, and was not signed for. On 5 March 2014, Mr W was stopped by the police for driving without insurance, and his car was impounded.

Mr W spent two days attending the police pound before he was able to recover his car. He arranged a new insurance policy at a cost of £1,587.58. But the insurer cancelled this shortly afterwards because it said it did not insure cars in a police pound. Mr W had to arrange a further insurance policy at a cost of £2,064.07.

In March 2014, Mr W complained to Right Choice. It accepted responsibility, and agreed to issue a letter of indemnity, and cover all Mr W's costs, subject to proof. Mr W received a letter from the court saying he had been fined £745, and was also required to attend court for a hearing in July 2014, where penalty points might be awarded.

Right Choice said it would write to the court explaining what had happened, so that he would not have to attend. It did write, but its letter did not arrive. As he had not heard anything from Right Choice or the Court, Mr W attended court, and managed to persuade the court to adjourn his case until September.

He complained again to Right Choice. It wrote again to the court, this time by recorded delivery. Mr W attended court again and this time the summons was withdrawn.

our adjudicator's view

Our adjudicator recommended that this complaint should be upheld. He said that Mr W did not have to attend court in September, because Right Choice did write to the court on that occasion, and wrote to Mr W at the same time confirming it had done so. However, he considered that Right Choice should reimburse Mr W the impound fees he had incurred, plus interest, and pay him £200 compensation for wrongly cancelling his policy and its poor service subsequently.

Mr W responded to say, in summary, that the compensation offered was not enough. He said that:

- after agreeing a premium of £1,050, Right Choice had taken £1,811 from his account;
- Right Choice had said it would charge only for his time on cover, and would refund the balance of his premium. He had been told he would be repaid £283.90. He had not received any refund, and did not consider this was enough;
- he had paid £170 to release his car from the police pound, which had not been repaid to him;
- he had to spend two days at the police pound before his car was released, and had incurred taxi fares to do so;
- he had attended court on a total of three occasions;
- on three days, his wife had to take time off work to take his children to school, and she had lost wages;
- he paid £476.49 more for his second replacement policy, when his first replacement policy was cancelled because his car had been impounded; and
- Right Choice had caused him considerable stress during this period. He produced a doctor's certificate that during April/May 2014, he had been signed off work because of stress and anxiety.

my provisional decision

I issued my provisional decision to Mr W and to Right Choice on 25 March 2015. In it I concluded that Right Choice was at fault in cancelling Mr W's policy. It compounded this by not telling him what it had done so that his car was impounded. It then failed to communicate with the court to ensure that the proceedings were quickly withdrawn. And it had not explained adequately to Mr W what he had paid in premium, why it changed, and how the refund he was due was calculated.

I considered that Right Choice should now explain clearly to Mr W:

- what he had paid in premium;
- why this was apparently increased;
- what he was entitled to by way of refund; and
- how this refund was calculated.

I said that Right Choice should pay Mr W:

- the refund of premium he was due, with interest from the date the policy was cancelled;
- the £170 impound fee he had paid, with interest from the date of payment;
- the difference between the two replacement policies Mr W had to take out amounting to £476.49, with interest from the date he took out the second replacement policy; and
- compensation for the stress, upset and inconvenience Right Choice's actions had caused him. Mr W had not been able to provide me with evidence of any loss of wages or travel costs which he or his wife had suffered. Taking everything into account, I concluded that fair compensation in this case was £950.

Subject to any further comments or evidence I received from either Mr W or from Right Choice by 27 April 2015, I said I was minded to uphold this complaint. I intended to order Right Choice Insurance Brokers Ltd to:

1. explain clearly to Mr W what he had paid in premium, why this was apparently increased, what he was entitled to by way of refund, and how this refund was calculated;
2. pay Mr W the refund of premium he was due, with interest at the annual rate of 8% simple from the date the policy was cancelled until settlement;
3. pay Mr W the £170 impound fee he had paid, with interest at the annual rate of 8% simple from the date of payment until settlement;
4. pay Mr W the difference between the two replacement policies Mr W had to take out amounting to £476.49, with interest at the annual rate of 8% simple from the date he took out the second replacement policy until settlement; and
5. pay Mr W £950 as compensation for the stress, upset and inconvenience Right Choice's actions had caused him.

If Right Choice considered that it was required to deduct income tax from the interest elements of my award, I said that it should send Mr W a tax deduction certificate when making payment, which he could use to reclaim the tax, if he was entitled to do so.

Mr W responded to say that he accepted my provisional decision. Right Choice has not responded in any way.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Neither Mr W nor Right Choice has provided any fresh information or evidence in response to my provisional decision. I therefore find no basis to depart from my earlier conclusions.

my final decision

My decision is that I uphold this complaint. I order Right Choice Insurance Brokers Ltd to:

1. explain clearly to Mr W what he has paid in premium, why this was apparently increased, what he is entitled to by way of refund, and how this refund is calculated;
2. pay Mr W the refund of premium he is due, with interest at the annual rate of 8% simple from the date the policy was cancelled until settlement;
3. pay Mr W the £170 impound fee he has paid, with interest at the annual rate of 8% simple from the date of payment until settlement;
4. pay Mr W the difference between the two replacement policies Mr W had to take out amounting to £476.49, with interest at the annual rate of 8% simple from the date he took out the second replacement policy until settlement; and
5. pay Mr W £950 as compensation for the stress, upset and inconvenience Right Choice's actions have caused him.

If Right Choice considers that it is required to deduct income tax from the interest elements of my award, it should send Mr W a tax deduction certificate when making payment, which he can use to reclaim the tax, if he is entitled to do so.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr W to accept or reject my decision before 8 June 2015.

Lennox Towers
ombudsman