

The complaint

Mrs A complains that BISL Limited cancelled her motor insurance policy. She wants it to honour the price for the policy originally quoted or pay her the difference between this and her new policy.

What happened

Mrs A found a new policy through an online comparison site. It was administered by BISL. Mrs A accepted the quote it provided and paid a deposit. But, two weeks later, BISL said the policy would be cancelled. It said a system error meant that the policy price had been too low, and the insurer wouldn't agree to this. It refunded Mrs A's deposit and paid her £250 compensation. But Mrs A was unhappy as she said she couldn't find a replacement policy for the same price.

Our Investigator didn't recommend that the complaint should be upheld. She thought BISL had made an error. But she thought its redress for this was fair and reasonable. She didn't see that Mrs A's other quotes provided the same cover. So she couldn't compare them.

Mrs A replied that she'd been tricked into taking out a policy with BISL. She felt unfairly treated and wanted compensation for the higher price she had to pay for her new policy. She asked for her complaint to be reviewed, so it's come to me for a final decision.

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.

I can understand that Mrs A feels frustrated that BISL made an error and now she is paying a higher price for her motor insurance policy. She has explained that this is an additional financial stress. And she is also unhappy with the time it has taken to resolve the issue.

BISL accepts that it made an error. It said a system fault led to it offering a policy to Mrs A for the incorrect premium and the insurer wouldn't agree to this. And so the policy was cancelled with 16 days' notice. I can see that Mrs A's policy documents explain that BISL can cancel a policy, and charge a cancellation fee, with 7 days' notice. No cancellation fee was charged, and I think that was fair.

When a business makes a mistake, as BISL accepts it has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

To put things right for Mrs A, BISL refunded her the deposit she had paid. So Mrs A had a month's free cover. Mrs A had 16 days' notice of the cancellation, so I think she had reasonable time to find an alternative policy. I note there was just 7 days between Mrs A's purchase of her original policy and the start date. So I don't think she was disadvantaged here.

Mrs A said the quotes she found were all higher than the cheaper quote provided by BISL. And I can see that the policy she took out is more expensive than her original policy. But it's not our role to tell an insurer how to price their policies or what factors they should consider

when calculating a risk. Insurers regularly update how they rate the risk of consumers. And their rates continually change. And I can't say that BISL was responsible for the increase in price quoted by the insurers.

Mrs A wanted BISL to compensate her for the increase in price she had to pay for a new policy. But I haven't seen details of these policies and so I can't say they provide the same level of cover. In any case, Mrs A was quoted an incorrect price at the start. She would have had to pay a higher premium but for BISL's error. And I think that it's unfair for Mrs A to benefit from the error. So I think BISL reasonably restored Mrs A's position. And I don't require BISL to pay Mrs A further compensation.

BISL also paid Mrs A £250 as a gesture of goodwill. Mrs A was disappointed and frustrated by BISL's error. She had to take the trouble to find new cover and pursue her complaint. I think this compensation is very fair and reasonable in the circumstances. I don't require BISL to increase it.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 19 December 2023.

Phillip Berechree
Ombudsman