

## **The complaint**

Miss L and Mrs L complain about cancellation of their motor insurance policy by BISL Limited (BISL), an insurance intermediary who arranged and administered the policy.

References to BISL include their agents.

## **What happened**

Mrs L took out motor insurance for her daughter, Miss L, in October 2022 when she had a provisional driving licence. When she took out the policy, Mrs L says she was told on a call that when Miss L passed her driving test she could tell BISL, and they would upgrade the policy to reflect Miss L having a full driving licence (on payment of the appropriate premium for doing so).

Miss L passed her driving test in March 2023, so Mrs L called BISL to upgrade the policy. However, BISL said they weren't able to provide a quote for Miss L holding a full driving licence as they deemed the risk to be too high. Mrs L was then told she would have to cancel the policy (as it was based on Miss L having a provisional licence when she now had a full driving licence). Mrs L also had to cancel the policy to enable her to find cover for Miss L with another insurer. BISL said Mrs L would have to pay a £55 cancellation fee to cancel the policy. Mrs L told the call handler she was unhappy at the fee being charged, as she had no option but to cancel the policy.

So, Miss L and Mrs L complained to BISL, but they didn't uphold the complaint. In their final response they referred to a conversation with Miss L and Mrs L about their complaint and added the complaint had been resolved and any actions agreed.

Miss L and Mrs L then complained to this Service. They didn't agree their complaint had been resolved and thought it unfair the £55 cancellation fee was charged. And it had been stressful having to take out a new policy with another insurer. They wanted BISL to refund the cancellation fee.

Our investigator didn't uphold the complaint, concluding the policy documents state there would be a £55 cancellation fee if the policy was cancelled outside the cooling off period. So, BISL had acted in line with the policy terms and conditions. While Mrs L said she'd been told in the call when taking out the policy she could upgrade it when Miss L passed her driving test, BISL could not locate a recording of the call. But they would search for it if Miss L and Mrs L could provide details of the date and number called from.

Miss L and Mrs L disagreed with the investigator's view and asked that an ombudsman review the complaint. They provided the number they said they'd made the call to BISL from, and the date and time, so they could search for the call. They said they'd queried whether BISL would convert Miss L's status to holding a full driving licence rather than a provisional licence when she passed her driving test, and they understood BISL told them they would do. And not force them to cancel the policy and be charged the £55 cancellation fee.

## 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.

My role here is to decide whether BISL have acted fairly towards Miss L and Mrs L.

The key issue in Miss L and Mrs L's complaint is whether the £55 cancellation fee was charged fairly. Miss L and Mrs L feel it unfair to levy the fee as they had no option but to cancel the policy as the insurer wouldn't provide a quote for cover with Miss L as a full licence holder. But when they took out the policy, they were told they could take out cover in this situation, for an additional premium. BISL say they applied the £55 cancellation fee in line with the policy terms and conditions.

Looking at the policy documents provided to Miss L and Mrs L when the policy was taken out, it includes a document titled *Important Information about Our Insurance Intermediary Services* (BISL being the insurance intermediary). Under a heading *Cancellation fee* the document states:

*"If either you or We cancel more than 14 days after receiving your policy documentation We will charge you a fee of £55 plus the cost for the period of cover you have benefitted from."*

I think this makes it clear the £55 cancellation fee will apply if the policy is cancelled (by either party) outside the cooling off period.

Looking at the *Statement of Insurance* document issued with the policy, it records Miss L's details and her 'Licence type' as *"Provisional Licence"*. Underneath the details of Miss L there's a sentence that reads:

*"Please be aware that any changes to type of licence held, which could include passing your driving test, may result in an increased premium."*

While this indicates passing a driving test and change of licence from provisional to full *may* (my emphasis) result in an increased premium, it doesn't mean the policy would automatically be amended to reflect a change of licence type and cover continue to be provided.

As a contract of insurance, insurers are able to vary the terms of the contract (with due notice) should any of the facts and information upon which the policy is issued change subsequently. And it would be a commercial decision for BISL as to whether they are prepared to continue to offer cover when those circumstances change.

In this case, it appears BISL weren't prepared to continue to provide cover for Miss L as a full licence holder, rather than as a provisional licence holder. As a commercial decision, I can't say that's unfair or unreasonable. In which case, BISL acted within the terms of the policy in asking Miss L and Mrs L to cancel the policy – or they could have exercised their rights to cancel the policy. In either event, the wording of the *Cancellation fee* section set out above would apply, including the £55 cancellation fee.

The other aspect of Miss L and Mrs L's complaint is they say they were told, when taking out the policy, that when Miss L passed her driving test she could tell BISL, and they would upgrade the policy to reflect Miss L having a full driving licence (on payment of the appropriate premium for doing so). BISL haven't been able to provide any such call recording, so I can't say what may, or may not, have been said. But I have listened to calls

made when Miss L and Mrs L called BISL in March 2023 when Miss L had passed her driving test. From the discussion it appears the underwriter of the policy (not BISL) wouldn't provide a quote of cover for Miss L as a full licence holder, because of the level of risk they assessed this would present to them.

Given they wouldn't cover Miss L on that basis, then the policy would have to be cancelled. Either – as happened – by Miss L and Mrs L, or by BISL (or the underwriter). As I said above, ultimately it's a commercial decision from the insurer (the underwriter) whether to offer cover in the changed circumstances of Miss L becoming a full licence holder, rather than a provisional licence holder. So, I can't say they've acted unreasonably. And where the policy has to be cancelled, the £55 cancellation fee would apply (from BISL).

Taking all these points together, I've concluded BISL didn't act unfairly or unreasonably in applying the £55 cancellation fee, in line with the policy terms and conditions.

### **My final decision**

For the reasons set out above, it's my final decision not to uphold Miss L and Mrs L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L and Mrs L to accept or reject my decision before 29 December 2023.

Paul King  
**Ombudsman**