

The complaint

Mr N complains that BISL Limited (BISL) unfairly cancelled his motor insurance policy.

What happened

Mr N says he insured his car, which he arranged through BISL. He received his policy documentation confirming he was covered. Shortly afterwards he received notification that his policy was to be cancelled. He says his premium payments were refunded in full, and he received £250 compensation.

Mr N says he's now had to find alternative cover, which is much more expensive. He says the policy terms don't allow the business to cancel for the reason it gave. He says it should pay the difference in cost between his new premium and the premium it offered him.

In its final complaint response BISL says it gave Mr N 16 days' notice of his policy being cancelled to allow him to make alternative arrangements. It says the cancellation was due to an error with the premium he was offered.

Mr N thought he'd been treated unfairly by BISL and referred the matter to our service. Our investigator didn't uphold his complaint. He says that although BISL made a mistake with the premium it offered, it acted reasonably in refunding the premium in full and paying Mr N £250 compensation.

Mr N disagreed with this outcome and asked for an ombudsman to consider his complaint.

It has been passed to me to decide.

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.

Having done so, I'm not upholding Mr N's complaint. I'm sorry to disappoint him but I'll explain why I think my decision is fair.

In its submission to our service BISL says Mr N purchased his policy online on 26 April 2023, with cover effective from 1 May 2023. It says that on 5 May it became aware of a 'pricing scheme error'. This affected a number of newly purchased policies and renewals. It says this meant it offered policies, including Mr N's policy, that were incorrectly rated resulting in significantly reduced premiums.

BISL says it can withdraw cover at any point provided that it gives prior notification of cancellation in line with its policy terms and conditions. It says Mr N wasn't entitled to a policy at the significantly lower premium.

I can see that BISL sent Mr N a notice of cancellation letter on 15 May 2023. It sent a further letter dated 1 June confirming the cancellation as of 31 May.

I've read Mr N's policy terms and conditions. In relation to cancellation the terms say:

*"We may cancel your policy if there are serious grounds to do so **such as** non-payment, failure to supply requested validation documentation (proof of No Claims Discount, Security etc) you have provided us with incorrect information and you have failed to provide a remedy when requested or you behave in a threatening, abusive or inappropriate manner towards our staff, our representatives or providers. Where we cancel we will provide seven days' prior written notice to your last known address unless we are required to cancel earlier."*

I acknowledge Mr N's argument that his policy terms don't include the reason BISL gave for cancelling his policy. I understand his point. However, the terms say, "*such as*" before going on to list a number of examples of when BISL can decide to cancel a policy. I don't reasonably think this list is expected to be exhaustive.

I'm satisfied that the evidence shows an error was made on BISL's part when it originally confirmed Mr N's cover. However, the policy being offered at the wrong price is, I think, a reasonable cause for cancellation. I can't see that Mr N has been caused detriment as a result of this. He explains that he hasn't been able to find another insurer quoting anywhere near the price BISL originally gave. But this supports what BISL has explained about this being the result of an error. I don't think the premium that was calculated in error is something that was available to Mr N.

Mr N was caused some distress due to his policy being cancelled, and inconvenience when finding alternative cover. I think BISL should compensate him for this. But I'm satisfied its payment for £250 is fair. So, I can't reasonably ask it to do anymore.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 25 December 2023.

Mike Waldron
Ombudsman