

The complaint

Mr P complains that Business Insurance Solutions Limited (“BISL”) provided incorrect information about the cancellation of his policy.

What happened

Mr P had a van insurance policy that was administered through a broker – BISL. On 11 June 2022 his vehicle was seized by the police as they said he was driving it without insurance. Mr P contested this as he said he had text messages from BISL asking for payment for the policy and warning that the policy would be cancelled if this wasn’t received. He said this showed the policy was still in place at that time.

Following this Mr P contacted the insurer and it informed him that he had cancelled the policy himself on 28 May. He said this hadn’t been the case and if it were he questioned why BISL had continued to seek to collect the monthly premiums.

Mr P subsequently made complaints to both the insurer and to BISL about how the matter had been handled and the fact his premiums had been retained. BISL didn’t respond to his complaint so he asked this service to investigate.

Our investigator contacted BISL for its response to the complaint, but it didn’t respond to her requests. So she reviewed it based on the information provided by Mr P. She said she thought BISL hadn’t given Mr P correct notice that the policy had been cancelled. And that its messages about payment had said it would reattempt to collect the money on 16 June 2022 and his policy would cancel if this wasn’t possible. So, Mr P was reasonable to believe that he had insurance cover at the time his vehicle was seized.

She thought BISL should reimburse Mr P the cost of recovering the vehicle, cover the cost of the premiums being demanded by the insurer and pay Mr P £500 compensation to make up for the distress it had caused him. She also thought it should issue a letter confirming that policy cover was in place on 11 June 2022.

Mr P accepted our investigator’s outcome. However despite numerous requests, BISL didn’t respond. Because of this, the matter 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.

BISL has provided this service with no information in relation to this complaint, despite ample opportunity to do so.

The rules that govern this service are laid out in the Financial Conduct Authority (FCA) Handbook – the Dispute Resolution: Complaints Sourcebook (DISP). DISP 3.5.1 states that *‘The Ombudsman will attempt to resolve complaints at the earliest possible stage and by whatever means appear to him to be most appropriate...’*

Due to the nature of this complaint, the ongoing strain it has put on Mr P, and the informal nature of this service, I don't believe it would be fair to delay matters any further. Especially considering we have made numerous attempts to obtain information from BISL by both phone and email. I therefore consider it most appropriate, and in line with our rules, to make a decision based on the evidence available, without waiting further for a response from BISL.

It is a legal requirement to have insurance in place for any vehicle that is on the road. Therefore, the consequences of cancelling a motor insurance policy can be great. For this reason, this service expects brokers to ensure they make it clear to their customers if a policy has been cancelled. And we expect them to confirm it in writing, giving at least seven days notice.

Often this is contained in the terms and conditions of the policy. And in Mr P's case, the documents sent to him by BISL confirming the policy stated as follows:

'We can cancel your policy by sending you a seven-day notice in writing to your last known address'

Here, the insurer of the policy has said Mr P cancelled it himself. However Mr P has disputed this and said he had no knowledge of the cancellation. And as he paid his policy premiums in May 2022 and continued to drive the vehicle, I am persuaded by his account.

Further, Mr P has provided copies of text messages sent by BISL regarding a missed payment. The most relevant states that a payment has failed and will be reattempted on 16 June 2022. And in this text, there is no mention of the policy having already been cancelled. So, from this, I think Mr P was reasonable to believe that the policy was in place at least up until 16 June 2022.

Further I've seen no evidence to suggest that BISL attempted to inform Mr P of the policy cancellation in any other way.

For this reason, I don't think BISL did enough to inform Mr P that his policy would be or had been cancelled. Its text messages implied that the policy cover remained in place. And I've seen nothing to suggest the cancellation was communicated to Mr P in any other way. And while the insurer has said it was informed Mr P cancelled the policy himself, I've not seen anything to suggest this was the case. And the fact Mr P continued to drive the vehicle supports that he hadn't cancelled the policy.

I therefore agree with our investigator's recommendation that BISL should seek to put Mr P back in the position he would have been in had his policy not been cancelled when it was. To do this, it should reimburse Mr P for any amounts paid to recover the vehicle, including 8% interest to make up for him being without the funds. And it should refund the insurer any amounts due for the remaining policy term, as Mr P hasn't had the benefit of policy cover during this time. It should also provide a letter to confirm that the policy was incorrectly cancelled and should have been in place on 11 June 2022, in case this is required by Mr P at any point.

I've also considered the impact this has had on Mr P. He has explained that while he has had to attend court in relation to driving without insurance, the case has now been dismissed and there will be no further action. However, the situation has clearly had a significant impact on Mr P, as he has had the court action hanging over him. And he has been unable to get hold of BISL for any support or explanation. This has been both distressing and inconvenient for him. I therefore agree with our investigator that BISL should pay Mr P £500 compensation for the unnecessary distress and inconvenience it caused.

My final decision

For the reasons I've given, I uphold Mr P's complaint and direct Business Insurance Solutions Limited to:

- Reimburse Mr P for any costs relating to recovering his vehicle, plus 8% simple interest from the date he paid for these until payment is made, to make up for the time he's been without the funds.
- Refund the insurer the outstanding policy premiums, if these are still required.
- Pay Mr P £500 compensation.
- Provide Mr P with a letter confirming that the policy was incorrectly cancelled and cover should have been in place on 11 June 2022..

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 4 August 2023.

Sophie Goodyear
Ombudsman