

complaint

Ms J complains that CIS General Insurance Limited wrongly took into consideration a spent conviction and refused to provide cover when she applied for motor insurance. As a result she was caused considerable upset and inconvenience. She wants compensation for this and to be satisfied that the insurer has changed its processes to avoid others being affected in the same way.

background

Ms J already had motor insurance with CIS, and contacted it as she wanted to arrange cover for a new car she was buying. She still had her other car, and CIS said that she would therefore need to take out a second policy for the new car. In the course of setting up that new policy the advisor asked Ms J if she had any criminal convictions. Ms J said that she had, and as a result CIS refused to insure Ms J's new car and said it would cancel cover on her other one.

Ms J's criminal conviction was in fact spent, which meant that CIS should not have taken it into consideration when it considered her insurance application. CIS subsequently accepted that it had made an error and re-instated its insurance of Ms J's existing car. It apologised, paid her £80 for the distress and inconvenience caused by its error, and offered to waive the cancellation fee for a limited period on her existing car insurance if she felt it necessary to move her insurance elsewhere.

Ms J was not satisfied with this response. She was particularly concerned that CIS had failed to follow the law and insurance industry guidelines relating to spent convictions and wanted to be satisfied that others were not being wrongly affected in the same way.

The adjudicator recommended that the complaint should be upheld. He concluded, in summary, that compensation totalling £300 was appropriate for Ms J's distress and inconvenience, and asked CIS to pay her a further £220. He also asked it not to set a time limit on Ms J being able to cancel her insurance with CIS without a fee being payable.

The adjudicator also asked CIS to explain its insurance underwriting process relating to spent convictions. CIS said that it regarded it as the applicant's responsibility to know that they did not need to declare a spent conviction, and that if it was told about a conviction, whether spent or not, it was reasonable for it to take this into consideration when deciding whether to provide insurance.

CIS also said that it did not consider any further compensation to Ms J justified, and it did not accept the adjudicator's conclusions.

Replying to the adjudicator's view of her complaint, Ms J said in summary that it was not the compensation that mattered most to her, but how CIS treated spent convictions and the affect it might have on others.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

When Ms J first complained to CIS it accepted that it had made an error in refusing her insurance because of a spent conviction. I find inconsistent with this its subsequent evidence to our adjudicator that the onus is on an insurance applicant not to tell it about a spent conviction. The law relating to spent convictions and the industry guidelines relating to their consideration in underwriting insurance applications is clear, and I find it unfair and unreasonable for Ms J to have been penalised for her honesty in mentioning a conviction which occurred many years ago and was spent.

Having said this, the role of this service is to consider the circumstances of specific complaints, and we do not have the power to require an insurer to change its policies or processes. Nor can we impose fines. Those powers lie with CIS's regulator, the Financial Conduct Authority. I can only consider here the impact of CIS's error on Ms J.

It is my view that Ms J suffered considerable distress as a result of CIS's incorrect refusal to provide insurance for a new car and cancellation of her existing policy. I agree with the adjudicator that the £80 already paid is insufficient compensation for this, and consider the suggested total compensation of £300 to be appropriate. I also agree with the adjudicator that CIS should be required not to limit the time period during which it will charge a cancellation fee for Ms J's existing insurance. In addition, I expect CIS to have ensured that there is no record of the incorrect temporary cancellation of the insurance of Ms J's existing car on any internal or external databases.

Ms J has also questioned whether her new car insurance, arranged elsewhere, was more expensive as a result of CIS's actions. On this I am satisfied that Ms J's existing No Claims Discount could only be applied on her existing vehicle insurance and that it could not also be used when insuring her new car, whether with CIS or elsewhere.

my final decision

For the reasons given above, my final decision is that I uphold this complaint against CIS General Insurance Limited. In full and final settlement I direct it to:

1. Pay Ms J a further £220 compensation for the considerable distress and inconvenience she has been caused;
2. Not limit the time period for waiver of any cancellation fee on Ms J's existing policy if she decides to take her insurance elsewhere; and
3. Ensure that no record of the temporary cancellation of her existing policy is shown on its own or any industry databases.

Under the rules of the Financial Ombudsman Service, I am required to ask Ms J to accept or reject my decision before 20 March 2015.

Malcolm Rogers
ombudsman