

The complaint

Mr A complains that U K Insurance Limited (UKI) won't honour its mileage moneyback scheme taken with his motor insurance policy. He wants a refund of his premium and a goodwill gesture.

What happened

Mr A took out a policy with UKI and decided to take part in its mileage moneyback scheme. Under the scheme, consumers receive a pro-rata refund of premium if their annual mileage is 1,000 miles or less than their estimate when they joined the scheme. Mr A cancelled his policy after four months. UKI told him he hadn't qualified for a refund of premium. But Mr A said that the scheme allowed for mid-term changes.

Our investigator didn't recommend that the complaint should be upheld. She thought the policy's terms and conditions stated that a full policy year needed to be completed in order to benefit from the scheme. She thought the mid-term adjustments referred to changes in, for example, the car on the policy, not to cancellation.

Mr A asked for his complaint to be reviewed by an ombudsman. 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 Mr A feels frustrated that he hasn't received the partial refund of his premium he expected. Mr A thought this was unfair as UKI's website stated that the scheme applied if there had been mid-term policy changes. He said he had submitted mileage readings at the start and end of the policy and the difference was 1,000 miles less than expected for that duration.

Our approach in cases like this is to consider whether the insurer's acted in line with the terms and conditions of the policy and fairly and reasonably.

UKI said Mr A didn't receive the expected refund because he hadn't completed his policy year, but he had cancelled the policy after four months. I can see that on UKI's website the policy's terms and conditions state:

"At the end of the policy year – once you receive your renewal invite- you'll need to submit a new mileage reading. We'll then work out how many miles you've driven, and compare to the estimated annual mileage on your policy".

And also,

"if you (or we) cancel your annual policy at any point before it's due to end, no refund will be given".

So I agree with our investigator that the policy's terms and conditions are clear that the scheme is applied on an annual basis. And so, as Mr A cancelled his policy mid-term, I'm satisfied that he didn't qualify for any refund.

I've looked at the policy's reference to changes made mid-term. And I think this refers to changes in such things as a car or an address. I can't see that a pro-rata refund is mentioned except when a consumer joins the scheme after inception of the policy. I'm satisfied that there is still a requirement to complete the policy year in order to qualify for the benefit. So I think UKI has treated Mr A fairly and reasonably and in keeping with the policy's terms and conditions and I don't require it to make him any payment.

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 Mr A to accept or reject my decision before 16 November 2021.

Phillip Berechree
Ombudsman