

The complaint

Mr M complains that AXA Insurance UK Plc didn't do enough to contact him before it cancelled his motor insurance policy. He wants it to remove records of the cancellation.

What happened

Mr M took out a policy with AXA and he was asked to provide proof of his No Claims Discount (NCD) entitlement. This wasn't provided, so AXA sent him a seven days' notice of cancellation by email and then cancelled the policy. Mr M said he became aware of this when he received a refund of premium.

AXA said it had correctly cancelled the policy as it hadn't received the required information. But Mr M said the emails had gone into his spam folder and so he hadn't seen them. He thought AXA should have done more to contact him about the missing NCD proof. Mr M then took out another policy with AXA.

Our Investigator recommended that the complaint should be upheld. She thought AXA should have done more to contact Mr M before it cancelled his policy. She thought it should have used two means of communication, such as email and SMS. She thought Mr M would then most likely have provided the NCD proof. And so she thought AXA had unfairly cancelled the policy. To put things right, she thought AXA should remove any records of the cancellation and amend Mr M's current policy.

AXA replied that it thought the policy had been correctly cancelled and Mr M would need to declare this to future insurers. It offered to provide a letter of explanation for the cancellation. It also said that it had allowed Mr M to take out a new policy without declaring the cancellation and this policy was cheaper than his previous one. AXA asked for an Ombudsman's review, so the complaint has 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.

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.

I can see that AXA is entitled by the policy's terms and conditions to cancel a policy if requested documentation, such as proof of NCD entitlement, isn't provided. So I think that AXA could usually rely on this term to cancel a policy. But I don't think that this would be fair and reasonable in Mr M's particular circumstances. I'll now explain why I think this.

AXA said it had asked Mr M to provide the NCD proof when he took out his policy over the phone. But, as this was Mr M's first policy with a full licence, I can understand that he may have overlooked this. And so AXA started the cancellation process, prompting Mr M to provide his NCD proof.

As the Investigator has already explained, this service believes that insurers should take reasonable steps to ensure that policy holders are told that their policy has been cancelled

as this will have serious consequences for them and expose them to possible court action. One way of doing this is to provide notifications of cancellation by more than one means.

AXA said that its usual process to provide notifications of cancellation was by email and SMS text. But this didn't happen on this occasion and it sent the notifications by email only. Unfortunately, the emails ended up in Mr M's spam folder and he didn't see them. I can't reasonably hold AXA responsible for this as it had sent the emails to the correct address and it wasn't responsible for Mr M's email settings.

But I think that if AXA had also sent Mr M its notification by another means, such as an SMS text, then he would have responded to its request. He did this immediately he was told the reason for the cancellation. So I think Mr M had the required document and would have sent it to AXA if he had been reasonably notified that it was required.

So I think AXA unfairly cancelled Mr M's policy. AXA said the cancellation isn't recorded on any external databases. But it said that Mr M needs to declare it to future insurers if asked and it declined to confirm that he need not do this.

However, as I think the policy was unfairly cancelled by AXA, then Mr M doesn't need to declare it, and AXA should remove the cancellation from its own records. If AXA is unable to do this, as it says, then I think it should add a note to its system explaining that the policy was cancelled in error.

AXA said Mr M's current policy already takes into account that no cancellation should have been declared. So I think that reasonably restores Mr M's position. AXA offered to provide Mr M with a letter explaining how the cancellation occurred. But I think that it would give Mr M reassurance if it provided him with a letter explaining that the cancellation was made in error and he need not declare it to future insurers.

Putting things right

I require AXA Insurance UK Plc to remove any records of the cancellation of Mr M's policy from its systems or add a note explaining that the cancellation was made in error. And I require AXA to provide Mr M with a letter explaining that the cancellation was made in error and he need not declare it to future insurers.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require AXA Insurance UK Plc to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 9 June 2022.

Phillip Berechree
Ombudsman