

The complaint

Miss S has complained about her car insurer Ageas Insurance Limited because it cancelled her policy.

What happened

Miss S had a policy with Ageas which covered use of her car for the purpose of social, domestic and pleasure. She let carers for her son use the car to take her son out for the day – adding them as named drivers to the policy. Ageas became concerned about the number of policy changes and felt the policy likely wasn't suitable for Miss S, given the carers were using the car in the course of their business. Then Ageas was notified of an accident that had occurred – a carer, not named on the policy, took Miss S's son out for the day and had an accident with a pedal cyclist. The carer told Miss S he was covered on his own policy for driving other cars. However, his policy only covered him for social, domestic and pleasure purposes too. Which meant the driver had been uninsured. Ageas settled the claim from the cyclist as it was required to do by legislation (the Road Traffic Act) rather than under Miss S's policy.

Ageas told Miss S that it would be cancelling her policy. It said the reason was two-fold; one because the car was being used for business contrary to the terms of cover, and two that there was clearly a risk of the car being used by uninsured parties. Ageas said Miss S could cancel herself if she wanted to. Miss S though didn't think this was fair – not least because Ageas had continued adding named drivers to her policy, and she was prepared to confirm the car wouldn't be used in this way again. Ageas, however, said it couldn't agree to that and, because of the accident, the remaining policy premium would be due on cancellation.

Miss S complained. Ageas accepted that it should have acted earlier in respect of the policy not being suitable for Miss S. It also acknowledged that it hadn't always dealt with her clearly. It said it would waive the remaining premium of £123.40. Miss S complained to us.

Our Investigator was satisfied that Ageas' cancellation was fair and reasonable. But she felt it had caused upset to Miss S which the waiver of premium did not account for. She said it should pay £100 compensation.

Miss S didn't object to the findings. Ageas said it wouldn't agree to paying compensation, it felt the premium waiver was adequate redress. Our Investigator didn't think that was the case and when Ageas still wasn't minded to agree, the complaint was passed for an Ombudsman's 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.

Having done so I am of the same view as our Investigator. Essentially that Ageas made mistakes and whilst it has acknowledged that and attempted to make things right, it hasn't fairly and reasonably compensated Miss S for the upset it caused.

In saying that I am also of the view that the cancellation itself was fair and reasonable. I appreciate that Miss S had been trying to do the right thing by taking the cover she did, and adding on the named drivers who would be using the car to take her son out. But I also accept that because those people were acting in the course of their business, that was something the Ageas' policy wasn't designed to cover. But I also think that Ageas didn't explain that very well to Miss S and it accepts that even though it had been aware of the problem some months before, it didn't act appropriately in a timely manner to resolve it.

As a result of that, when Miss S was told that Ageas wouldn't allow her policy to continue, she was confused and upset. She was also put into a difficult position because only on the day, whilst the carer was waiting to take her son out, was she made aware that this arrangement was no longer possible. Even though it had been agreed, with another named driver being added just a couple of days before. I accept that was difficult for her to understand and that her son not being able to go out was an additional worry for her.

I think it's fair to say, that, over several months Ageas didn't communicate with Miss S very well about changing her policy details. Ageas allowed changes to occur even after it knew there was an issue and then it stopped letting Miss S change the policy, telling her it would need to be cancelled. I can see why she was then confused. Listening to her calls with Ageas she was also clearly worried about its request for payment of the premium as that was going to make it difficult to find the money to get alternative cover. I think that Ageas failed to communicate effectively with Miss S and to take appropriate action in respect of her policy in a timely manner. I'm satisfied that Miss S was caused distress and inconvenience as a result and that £100 compensation, in addition to the premium waiver of £123.40 is fairly and reasonably due.

Putting things right

I require Ageas to pay Miss S £100 compensation.

My final decision

I uphold this complaint. I require Ageas Insurance Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 3 March 2023.

Fiona Robinson

Ombudsman