

The complaint

Mr M complains about Advantage Insurance Company Limited's decision to cancel his car insurance policy.

What happened

Mr M bought a car insurance policy underwritten by Advantage on 5 July 2022.

A few days later, the intermediary advised Mr M that Advantage had carried out some checks and were not willing to offer cover due to Mr M's "on-line activity". They said the policy would be cancelled within seven days and sent Mr M a refund.

Mr M complained to Advantage via the intermediary. He was concerned about the cancellation itself and also worried that he would struggle to get affordable insurance due to the cancellation being on record.

The response said that Advantage were aware that Mr M had carried out more than 50 searches when looking for a quote for his car insurance policy. These searches were all in Mr M's name, but he entered a wide range of different occupations, mileages and uses of the vehicle.

They told Mr M it was difficult to calculate the risk to them and offer cover where details had been changed a number of times. And they said the terms and conditions allowed them to cancel a policy where they knew or suspected that a misrepresentation had been made.

Mr M wasn't happy with this response and brought his complaint to us. Our investigator looked into it and didn't think Advantage had acted fairly and reasonably when cancelling Mr M's policy.

He said Advantage should reinstate the policy. Or, if Mr M had obtained cover elsewhere, refund Mr M the difference between the two premiums and pay 8% interest on the amount for the relevant period.

He also said Advantage should remove any record of the policy cancellation from the Claims and Underwriting Exchange (CUE) database. And pay Mr M £100 in compensation for his trouble and upset.

Advantage disagreed and asked for a final decision from an ombudsman.

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.

There's no dispute here that Mr M carried out a large number of searches when he was looking for a car insurance policy, entering different parameters each time.

There are two competing and mutually incompatible explanations for that behaviour.

One is that Mr M was searching for parameters – whether true or not – which would minimise his premium. And if that were the case - and he bought the policy after providing inaccurate details to Advantage – they would be entitled to cancel his policy.

The other explanation – the one provided by Mr M – was that he was applying for jobs and was curious about what might happen to his policy premiums if and when he got one of those jobs.

And when he saw the full drop-down menu of different occupations, he was simply curious about what the impact on the premium offered would be if one were, for example, a chicken sexer, a comedian or a water diviner (these were all occupations searched by Mr M).

I can also see why Mr M might be interested to know how his premiums would be affected if he used his car in different ways and/or covered different mileage.

It's not unreasonable, for example, to try to work out whether driving to work might be more cost effective than relying on public transport. Driving to work would alter both the usage of the vehicle and the mileage.

Mr M says he did the various searches out of curiosity and/or interest. And he bought the policy with accurate details.

I don't think Advantage have demonstrated that Mr M was in effect "fishing" for cheaper premiums. And I think it's inherently unlikely that Mr M ever genuinely formulated the intention to buy a policy masquerading as a comedian or water diviner if that gave him cheaper premiums than telling the truth.

The key thing here is that Advantage can only legitimately cancel the policy, under the Consumer Insurance (Disclosure and Representations) Act (CIDRA), if Mr M has in fact given inaccurate data – or in other words made a misrepresentation – when he bought the policy.

And they haven't been able to point to any inaccuracies in the information Mr M provided when he actually bought the policy. We asked Advantage very specifically what data provided by Mr M is in their view inaccurate – and they've not provided any answer.

On balance then, I think it's more likely than not that Mr M *did* carry out the searches out of curiosity or legitimate interest, as he claims. And I can't reasonably conclude that he made a misrepresentation when he bought the policy in the absence of any suggestion from Advantage as to what the inaccuracy (or inaccuracies) might be.

Putting things right

I agree with our investigator that Advantage should reinstate the policy as soon as possible – or, if Mr M has bought cover elsewhere and paid more for it, refund him the difference in the cost of the premiums and pay him 8% interest on that amount (from the date he bought the new policy to the date Advantage make the payment to Mr M).

I also agree that Advantage must remove any record of the policy cancellation from the CUE database – and indeed any other records they hold. And finally, I agree Advantage must pay Mr M £100 for the trouble and upset he experienced as a result of their error in cancelling the policy.

My final decision

For the reasons set out above, I uphold Mr M's complaint.

Advantage Insurance Company Limited must:

- reinstate Mr M's insurance policy as soon as possible, or pay him the difference in premiums if he's bought a new policy (adding 8% interest over the relevant period);
- remove all records relating to the policy cancellation from CUE and any other databases;
- pay Mr M £100 in compensation for his trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 January 2023.

Neil Marshall
Ombudsman