

The complaint

Miss L complains that First Central Insurance Management Limited ("First Central") unfairly cancelled her motor insurance policy.

What happened

For the year from mid-June 2022, Miss L took out a policy through First Central. The policy covered her as policyholder and her father, mother and sibling as named drivers.

From late August 2022, First Central sent Miss L email and text messages asking for further documents for all the drivers.

By an email and text message dated 30 September 2022, First Central gave Miss L seven days' notice of cancellation of the policy.

Miss L complained to First Central about the cancellation.

By a short form of final response in mid-October 2022, First Central said it had closed the complaint.

Through her father, Miss L brought her complaint to us in late October 2022. He asked for compensation of £500.00.

Our investigator didn't recommend that the complaint should be upheld. He thought that First Central had sent Miss L emails and texts that confirmed that the policy might be cancelled if she didn't send the documents on time. He said the previous provider had cancelled the policy and Miss L hadn't told First Central.

Through her father, Miss L disagreed with the investigator's opinion. He asked for an ombudsman to review the complaint. He says, in summary, that:

- Her previous insurance provider did not cancel her policy.
- On 6 June 2022, her previous provider sent a reminder that the policy was coming to an end on 14 June 2022.
- She obtained online quotes from other providers.
- She took out the policy with First Central.
- At that time, she provided the driving licence numbers for each person to be covered as well as her car registration & address details which was used by First Central to access the motor insurance database (MID) to validate all her information before they issued the motor insurance policy.
- First Central did not request documents before it issued the insurance.
- The documents it requested later did not form part of the contract of insurance.
- If any information was missing, then it was First Central's responsibility to request it

before issuing the motor insurance certificate.

- First Central issued a motor insurance certificate. This proves it had done all the necessary validation & checks and given approval.
- The previous provider sent her a confirmation showing her first year's no claims bonus.
- First Central took over two and half months before requesting the documents.
- The documents First Central requested contained all the information she had already provided during her initial application.
- First Central should not have cancelled the insurance at such a late stage, in the fourth month of policy cover.
- After Miss L had uploaded the documents, which was on a Sunday, she called First Central the next day Monday to check everything had been received. The customer service adviser checked and confirmed all the required documents were correctly uploaded but that they had then decided to cancel her policy. She requested the adviser to re-instate her policy which they were happy to do but wanted her to go through their sales department to pay extra money to continue the same policy.
- First Central still charged her a cancellation fee.
- This sort of practice of trying to extract more money for the same policy is surely not legal.
- She faced a lot of stress and worry after First Central cancelled her policy after 2 months without a valid reason. She was not able to afford a last- minute renewal quote and no longer has continuous motor insurance.

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.

The Financial Ombudsman Service is bound by the Financial Conduct Authority's dispute resolution rules. One of those rules means that, before we can investigate a complaint, the consumer must first have made that complaint to the regulated firm and waited for up to eight weeks for a final response.

From evidence I've seen, I'm satisfied that in early April 2022, a provider other than First Central cancelled a policy for the sibling who was one of the named drivers.

From what Miss L's father has shown us, I accept that she had a policy with another different provider. After a claim in May 2022, the policy expired in mid-June 2022.

The First Central policy was based on a "statement of fact" document. That included a statement that Miss L was the owner and registered keeper of the car.

The statement of fact also included a question whether any of the drivers had ever had insurance refused, declined or cancelled. It also included a question whether any of the drivers had had any accident or claim in the last five years, regardless of fault. To both questions, the answer was "no".

In my view, First Central was entitled to rely on those answers and to issue the policy without checks - or with checks later.

The policy terms included a term allowing the insurer to authorise First Central to cancel the policy on seven days' notice if the policyholder failed to respond to reasonable requests for information.

Miss L's previous provider wrote to her on 20 June 2022 with evidence of 1 year's no-claims discount. It also mentioned the claim in May 2022.

I don't find it unreasonable that First Central didn't contact Miss L until late August 2022. I'm satisfied that it made reasonable requests for information. That included proof of Miss L's claims history and no-claims discount. It also included a copy of the V5 registration document of the insured vehicle.

Miss L didn't respond to the first request or to a reminder. So on 30 September 2022, First Central gave notice that Miss L's policy would be cancelled with effect from 7 October 2022. Miss L still didn't respond. As I would expect, First Central wrote to Miss L on 7 October 2022 to confirm that the policy was cancelled.

Miss L and her father haven't said which Sunday she contacted First Central. But I find it likely that it was after the notice dated 30 September 2022. I haven't seen enough evidence to show that she provided all the documents First Central had asked for.

As Miss L hadn't responded promptly to reasonable requests for information, I'm satisfied that the cancellation was in line with the policy terms and not unfair.

I don't find it fair and reasonable to direct First Central to pay Miss L compensation or to change the way it recorded the cancellation or to do any more in response to this complaint.

I can't see that Miss L complained to First Central about its cancellation fees or about asking for more money to reinstate the policy. She didn't mention those issues in her complaint form to us. So I don't consider that I can comment on those issues in this final decision.

My final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct First Central Insurance Management Limited to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 2 May 2023.

Christopher Gilbert

Ombudsman