

The complaint

Mr H complains that Brightside Insurance Services Limited unfairly cancelled his insurance policy, causing him considerable expense and inconvenience.

What happened

Brightside is an insurance broker. On 17 June 2022 Mr H applied online through Brightside to insure his car. He included his partner on the policy as a named driver. The policy was due to start on 1 July 2022. Brightside issued policy documents to Mr H straight away, but asked him to provide some further documents for himself and for his partner by 10am on 15 July.

On 6 July Mr H uploaded his own proof of no claims discount and online DVLA check onto Brightside's online portal. But he didn't upload the requested documents for his partner. By 14 July Brightside had sent him three emails reminding him it needed them. It also sent him an SMS message on 14 July, explaining that the policy was at risk of cancellation due to non-receipt of validation documents. It explained that it needed the named driver's licence summary. It asked Mr H to send the information as soon as possible. And it said "*...the deadline for these is 10am 15/07/2022 to prevent cancellation or call [phone number] for further assistance*".

On 14 July Mr H logged on to Brightside's portal and removed the named driver. He paid a total of £131.34 to make the change. This was made up of additional premium and a £35 fee. An updated policy certificate was immediately accessible on the portal. But on 15 July Mr H's policy was cancelled.

Mr H says he was on holiday when the policy was cancelled, and only found out when he returned a few days later. He contacted Brightside to complain about the cancellation and he asked it to reinstate his policy. But Brightside told him the insurer wasn't willing to do this.

Mr H says he was unable to take out insurance elsewhere for two weeks, as it cost significantly more, and he couldn't afford to take it out straight away. He says he lost income and incurred expense and inconvenience through being without a car for two weeks.

Brightside said the cancellation markers had been removed from Mr H's insurance record and wouldn't be visible to prospective insurers. But it apologised that Mr H's policy had been cancelled even though he'd removed the named driver. It said that the cancellation had gone ahead automatically because Mr H hadn't uploaded the documents and hadn't phoned it. It offered to waive the usual cancellation and mid-term adjustment fees. And it offered Mr H £25 by way of apology. Mr H wasn't satisfied with Brightside's response, and brought his complaint to us.

One of our investigators considered Mr H's complaint and thought it should be upheld. In summary, he thought that Mr H had been reasonable in assuming that having removed the named driver from the policy and paid the additional premium, his insurance would remain in place. He thought Brightside had been wrong to cancel the policy. And he said that since Mr H had had to pay more for an alternative policy due to Brightside's mistake in going ahead with the cancellation, it should pay him the difference between the cost of the policy he took out through Brightside and the policy he took out elsewhere once the original policy was cancelled. And he said Brightside should pay Mr H £100 by way of compensation for the distress and inconvenience he'd experienced.

My provisional findings

After considering all the evidence, I issued a provisional decision on this complaint to Mr H and to Brightside on 6 January 2023. I said:

"I acknowledge that Brightside says that even though Mr H was sent an updated insurance certificate, he wasn't sent any correspondence or confirmation that the validation was complete, or that the pending cancellation would no longer take place. It says that the removal of the named driver didn't automatically remove any validation concerns that it might have had, or stop any pending cancellation. And it's pointed to the validation requests it sent to Mr H, in which it said:

"When we've received all of the outstanding documents we will send you an email confirming receipt and informing you of any further actions that may be required of you."

But like our investigator, I consider that it was entirely reasonable of Mr H to assume that he'd done all that was required and that his insurance would continue. Brightside had given him no indication that it required any more validation documents relating to Mr H himself. The only outstanding documents it had referred to on the several occasions it had sent him reminders related to his partner.

I can fully understand why Mr H assumed that the threat of cancellation had gone once he removed his partner from the policy. And Brightside had said nothing to make clear that Mr H would need to contact it by phone if he wanted to make sure that the cancellation was prevented. What's more, Brightside hasn't said anything to suggest that there was, in fact, any further validation it would have needed from Mr H even after his partner was removed from the policy. And even if there had been further information or evidence it needed about Mr H's own driving record, I don't think it would have been fair to cancel the policy without first telling Mr H what that extra information was and giving him a reasonable deadline to provide it.

I think it's likely, on balance, that if Brightside had told Mr H specifically that the cancellation might still go ahead unless he phoned or emailed it, he would have done so, even though he was abroad. So like the investigator, I think it was unfair of Brightside to cancel Mr H's policy.

But after the investigator sent out his view it emerged that the replacement policy, which Mr H took out was also through Brightside, using the same underwriter. And that policy was cancelled within the first couple of months. Brightside says that this was due to non-payment of the monthly premium instalment by Mr H. It's also provided evidence that although it's true that the premium for the replacement policy was significantly higher, there were several significant differences in the details on which the replacement policy was based. For example, the value of the car was lower, there was no voluntary excess, and no additional driver was named. So the new policy wasn't a "like for like" replacement.

Having carefully considered everything that's been provided, I think it was unfair of Brightside to cancel Mr H's policy. And I think it should compensate him for the inconvenience he experienced as a result. But I haven't seen evidence to persuade me that Mr H suffered financial loss as a result of the cancellation of the original policy."

So my provisional decision was that the complaint should be upheld. And I said that to put things right, in addition to waiving the usual administration and cancellation fees, as it had offered to do, Brightside should pay Mr H £100 to compensate him for the distress and inconvenience he'd experienced.

Further submissions

Brightside told us that it accepted my provisional decision. But Mr H thought Brightside should do more to put things right. He's provided a copy of an invoice for £320 which he says was for recovery of his car. And he's explained that due to Brightside cancelling the policy, he wasn't insured to drive his car home from holiday. He says he settled the invoice in cash.

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've borne in mind that Mr H has told us that he had to pay to have his car recovered, as the cancellation of his policy meant that he wasn't insured to drive. I remain of the view that it was unfair of Brightside to cancel Mr H's policy. And I recognise that the cancellation caused him inconvenience. But I think it's fair to expect a consumer to take reasonable steps to keep their loss to a minimum.

In this case, my view is that Mr H could have kept his loss to a minimum by using the money to take out a new insurance policy, rather than paying a large sum of money to a recovery agent. I acknowledge that £320 might not have been enough to pay for a whole year's premium. But he could have paid for a new policy by instalments. That would have allowed Mr H to drive the car home himself.

I remain of the view that, Brightside acted unfairly when it cancelled Mr H's policy. And I accept that he suffered inconvenience as a result. But I consider the £100 compensation that I referred to in my provisional decision is appropriate to reflect this. And I don't consider it would be fair to require Brightside to reimburse Mr H for the cost of recovering his car, or for any other financial loss. So my view about what Brightside should do to put things right remains unchanged.

Putting things right

To put things right, in addition to waiving the usual administration and cancellation fees, as it has offered to do, Brightside should pay Mr H £100 to compensate him for the distress and inconvenience he experienced.

My final decision

My decision is that I uphold this complaint. I require Brightside Insurance Services Limited to put things right by doing as I've set out above. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 14 March 2023.

Juliet Collins

Ombudsman