

## **The complaint**

Mr and Mrs O have complained about Highway Insurance Company Limited's decision to decline a claim they made under Mr O's motor insurance policy and cancel the policy.

## **What happened**

Mr O bought a motor insurance policy with the insurer Highway. Unfortunately his campervan was stolen and so he made a claim.

Highway discovered that Mr and Mrs O had parked the campervan in a street away from their home. They had moved their cars to park on their drive for security reasons. Before this, they said they had parked the campervan on their drive.

Highway said the location of the campervan when it was stolen meant it wouldn't have provided cover - as a condition of cover was for the campervan to be parked on their drive. So Highway cancelled the policy in December 2022 and declined the claim.

Mr and Mrs O complained to Highway, but it said its decision was correct. So they asked us to look at their complaint.

Our Investigator explained that as the risk had changed - and the policy with Highway explained this was a risk Mr and Mrs O needed to tell it about - Highway hadn't done anything wrong by declining the claim and cancelling the policy. But she thought Highway should have provided a pro rata refund of the premiums when it cancelled the policy.

Highway said it would provide a refund, but didn't accept that it should change the outcome of the complaint - as Mr and Mrs O didn't complain about not receiving a refund.

Our Investigator explained that it was within our inquisitorial limit to consider the premium refund as part of the cancellation of the policy and declining the claim.

Highway didn't agree and so the case has been passed to me to decide.

Mr and Mrs O didn't reply to the Investigator's view.

## **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.

Mr and Mrs O explained that their campervan had been parked on a street nearby for a couple of months. This is where it was parked when it was stolen. The Statement Of Disclosure which the broker sent to Mr O when he bought the policy in June 2022 states the following:

*"parking arrangements - Parked on Drive".*

Mr O's policy with Highway sets out the following under the heading: *"Changes To Your Details,"*

*"You must tell your insurance broker as soon as possible if any of your details on*

*your proposal form or statement of insurance change including...*

*Change of address or where you keep your car*

*If you do not tell your insurance broker about any relevant changes, we may*

- *Reject or reduce your claim*
- *Cancel the policy and/or treat it as though it never existed, or*
- *Do both of the above*

So I think the policy wording provided by Highway was clear. In December 2022 when Highway discovered that Mr and Mrs O hadn't parked their campervan on the drive for some time, it declined their claim and cancelled their policy from December 2022. I think this was fair and in line with the policy.

Because Highway cancelled Mr O's policy in December 2022, it no longer provided cover - and so it follows that it should have provided a pro rata refund of premium. Highway confirmed that Mr O is owed a balance of £78.83. It's not clear to me why Highway didn't provide this refund at the time of cancellation. And as it flows from the cancellation, which was as a result of the declined claim, I think it is fair for us to consider this under our inquisitorial remit when deciding on this complaint.

I'm therefore upholding the complaint in part and require Highway to provide a pro rata refund to Mr O.

### **My final decision**

My final decision is that I uphold this complaint in part. I require Highway Insurance Company Limited to pay a pro rata refund as the balance owed to Mr O on cancellation of his policy. Highway Insurance Company Limited should pay interest on the refund amount at a rate of 8% simple interest a year from the date of cancellation to the date it refunds Mr O.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O and Mrs O to accept or reject my decision before 7 September 2023.

Geraldine Newbold  
**Ombudsman**