

## **The complaint**

Mr C complains that Advantage Insurance Company Limited (“Advantage”) cancelled his car insurance policy.

## **What happened**

Mr C had a motor insurance policy with Advantage covering his car. The policy covered him for social, domestic, pleasure and commuting.

Mr C had a primary job which he used the car to commute to. He also had a secondary role delivering goods, but he wasn’t doing that job. When he had previously done it, he held a separate policy for that activity.

In January 2023 he was involved in a collision that he admitted fault for. Advantage paid the third party’s claim. Mr C didn’t claim for his own damage.

Advantage cancelled Mr C’s policy with seven days’ notice in March 2023 as it said he was using the car for delivery purposes. It charged him £138 for the balance of the year’s premium because he’d ‘used’ the policy by making a claim.

Mr C was unhappy and complained. Advantage didn’t uphold his complaint so Mr C brought his complaint to this service. He asks that Advantage refund him the £138 he paid, and compensate him for his distress and inconvenience.

Our investigator looked into it and upheld it. He said he didn’t think Advantage had proved that Mr C was using the car to deliver goods, so he didn’t think that it was fair for Advantage to cancel his policy. He thought Advantage should remove the cancellation markers for all internal and external databases and confirm this to Mr C, it should refund the difference in premiums of what Mr C paid and what he had to pay for his new insurance plus interest at 8% simple. He also said Advantage should pay £100 compensation for the inconvenience it caused.

Mr C agreed with the view, but Advantage didn’t respond. Because Advantage didn’t respond, this complaint has been passed to me to make a final 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’m upholding Mr C’s complaint and I’ll explain why.

In its correspondence with Mr C, Advantage said it was cancelling his policy because:

*“we have found your car has been used outside the scope of your cover. This is because you use[d] this vehicle to deliver parcels [for a particular company].”*

Our investigator asked Advantage to prove this but it didn’t provide anything further.

Mr C clarified that he did have the ability to work for the particular parcel company as a secondary role, but he was able to prove that he hadn't done this work. He also showed that he had access to another policy specifically covering his activities for parcel delivery in case he was carrying it out.

Advantage provided a further response from a senior underwriter which said:

*"I can confirm an occupation within delivery driving coupled with business use on the policy falls outside of our acceptance threshold and therefore we are unable to update the policy and continue cover for Mr C."*

I have two concerns with that statement. The first is that Mr C's primary job wasn't in the field of delivery driving. The second is that it seems to assume that Advantage's policy included cover for business use, which it didn't.

Accepting that Advantage has the right to cancel the policy under its terms and conditions, it seems to me that in Mr C's case it has used reasoning that isn't fair.

Having looked at the details Mr C gave Advantage when he applied for cover, I can't see that a secondary occupation was asked for. There's no record of this on the statement of fact. So it seems unfair that Advantage cancelled his policy because it came aware that he may have another job. And without checking or verifying this with Mr C it proceeded to cancel his policy.

I don't think this is fair of Advantage.

In addition, Mr C has paid an annual premium for his policy which he wasn't able to fully use because Advantage cancelled it a few months before it was due to end. I can see that Advantage charged Mr C the remaining premium for this time, which it's entitled to do as it had already paid out a claim under the policy, but this means Mr C paid for a period of cover that he received no benefit for.

Normally I would ask Advantage to return this money to Mr C, but in this case Mr C has had to pay a much higher amount for cover from his next insurer. So I think the fair thing to do is to ask Advantage to pay the difference between what Mr C had been paying for his cover with Advantage, and what he is paying for cover with another provider.

Mr C has indicated that his costs have more than doubled on a monthly basis, so I think it's fair that I require Advantage to cover this difference as I think it's reasonably Advantage's fault that he is paying more.

For the avoidance of doubt, Mr C and Advantage now need to liaise about how much more he had been paying, and Advantage needs to pay Mr C the difference between what he was paying for cover from Advantage, and the price he is paying. And I think it's fair to require Advantage to cover the difference from the date it cancelled his policy to the time it makes payment, plus interest at 8% simple.

Mr C has also been left in a position where he needs to disclose this cancellation to insurers in the future, and I don't think he's been left in a fair position as I don't think Advantage reasonably cancelled his policy.

I think the fair approach here is that Advantage removes or amends records that it cancelled Mr C's policy both from its own records and any external databases it's updated. It needs to confirm this to Mr C and tell him he doesn't need to tell insurers about this cancellation in the future.

It's clear to me that Mr C has found the experience inconvenient so I also think Advantage should pay him £100 compensation.

### **My final decision**

For the reasons set out above, my final decision is that I uphold this complaint. I direct Advantage Insurance Company Limited to:

- Pay Mr C the difference between his previous premium and the new premium he's been paying, from the date of cancellation to the date Advantage makes payment. Interest at 8% simple should also be added.
- Remove details of the cancellation from its records and any external databases it's updated. Advantage must write to Mr C to tell him it's done this and that he doesn't need to tell other insurers about this cancellation in future.
- Pay Mr C £100 for his inconvenience.

Advantage Insurance Company Limited must pay the amount within 28 days of the date on which we tell it Mr C accepts my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 2 October 2023.

Richard Sowden  
**Ombudsman**