

## The complaint

Ms T complains about how Advantage Insurance Company Limited (“Advantage”) cancelled her motor insurance policy.

## What happened

Ms T had a motor insurance policy arranged with Advantage covering her motorbike.

In February 2022, Ms T added her partner to the policy when it was about half-way through.

In late September 2022 Advantage called her and she agreed to renew her policy. In the call with Advantage, she said that her partner had points on his licence from about 2019, but she didn’t know more about them.

Her existing policy was due to expire on 22 October and she thought she had time to provide extra information to Advantage. She was out of the country for about two weeks during this time with limited access to phone or the internet.

Hastings wrote to her and said it was going to cancel her policy with seven days’ notice. While she was overseas, she sent Hastings an email asking why her policy was being cancelled. Advantage didn’t reply and it cancelled her policy on 12 October.

Ms T complained. Hastings didn’t uphold her complaint. It said it had cancelled the policy due to an undisclosed conviction. It waived the amount outstanding on Ms T’s account, which was £39.20.

She remained unhappy and brought her complaint to this service. Our investigator looked into it and upheld it. He thought Advantage hadn’t acted fairly by cancelling Ms T’s policy unconditionally. She had contacted it to discuss, but Advantage didn’t reply and continued to cancel her policy.

He said it should remove records of the cancellation of the policy, confirm this in writing, pay the difference between the old and any new policy, refund time on cover and any cancellation fee, and pay Ms T £250 for her distress and inconvenience.

Ms T accepted the view, but Advantage didn’t. Because Advantage didn’t agree, this complaint has been passed to me to make a final decision.

I issued a provisional decision to allow both parties to consider things further. This is included below:

*I’m thinking of upholding Ms T’s complaint and I’ll explain why as my suggested remedy is different from our investigator’s.*

*At the crux of this complaint is that B says it cancelled because Ms T didn’t co-operate with it. In correspondence with this service, it referred to this part of the policy wording:*

*“You don’t send us or your Insurer information or documentation that your Insurer*

*requires to process your Policy, or a claim, or to defend their interests.”*

*Ms T has said that she misunderstood the question about “points” on her partner’s licence.*

*When she added him to her policy in February 2022, she said Advantage asked her if her partner had any “convictions”. But she thought that the nature of his points were different because they were as a result of a Fixed Penalty Notice (FPN).*

*I asked Ms T to send me details of the conviction and she has said that it was a FPN with three points issued for an insecure load in 2019.*

*I think it’s fair that I say Ms T should have checked this with Advantage, and if there was any doubt then she should have discussed it with it.*

*When she told Advantage about his points at the renewal call in September, Ms T has said the conversation was fairly casual and she was told that Advantage would be able to renew her policy with possibly a slightly higher premium she later described as “insignificant really”.*

*Advantage made a telephone appointment with her to ask her for further information. When Ms T didn’t respond, Advantage chased her twice more by phone and didn’t get a reply. About a week after the initial call, it sent a letter cancelling the policy with seven days’ notice. This cancellation letter didn’t give Ms T the option of updating or changing the details on her policy.*

*Ms T’s usual method of contact with Advantage was by email, but I can’t see that it used this route to contact her.*

*We’d normally expect to see a business using two different methods to communicate with her, and particularly when it’s telling a customer it’s cancelling their policy as there’s a risk that they might end up driving while uninsured.*

*Ms T has said that her partner opened this cancellation letter and emailed her about it as she was overseas. Ms T replied to Advantage about four days before the cancellation was due, but she didn’t get a reply.*

*Advantage then cancelled her policy unilaterally and without responding to Ms T’s email.*

*Cancelling Ms T’s policy could have long lasting consequences on her as the cancellation will be recorded against her policy history. It could impact her ability to buy cover in the future, and it could impact the price she has to pay. So I’d expect Advantage to make certain this was a fair course of action before implementing it.*

*Taking everything into account, I can understand why Advantage chose to cancel the policy, because Ms T hadn’t told it initially about her partner’s conviction, but I don’t agree with its decision to unilaterally cancel it. I also don’t think it followed good practice in how it did so, and I think Ms T’s been left in a position that’s potentially unfair.*

*I think the fair resolution in this situation is that Advantage removes records of its cancellation from its own and any external databases it may have updated. Once it’s done this, Advantage should confirm it to Ms T and tell her she doesn’t need to tell insurers about it.*

*Ms T has told this service that she effectively lost a year’s No Claims Discount due to Advantage cancelling her policy so close to its renewal. She has also told this service about the high price she has been quoted to take out another policy to cover her motorbike, which*

*meant that she didn't take out a new policy and hasn't ridden her motorbike since.*

*I've thought about the impact of this on Ms T's, which I can see from her evidence is continuing because of the need to disclose the cancellation.*

*I've said above that I think Ms T should have discussed the FPN points with Advantage when she added her partner to her policy. If she'd done this, there may have been a premium adjustment, or it may even have been impossible for Advantage to provide cover.*

*But Ms T would have disclosed what she needed to and the situation would be clear.*

*But I've also said I think Advantage's unilateral decision to cancel her policy left her in an unfair position, which has caused Ms T some distress and inconvenience. I've thought about this and I think it's reasonable that Advantage pay Ms T £250.*

### **Responses to my provisional decision**

Ms T accepted my provisional decision.

Advantage responded and said it had done enough in contacting Ms T three times by telephone, as agreed with her, to get the details of the conviction. It said Ms T hadn't called it back and had failed to keep Advantage updated with the correct policy details.

### **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 thought carefully about Advantage's response to my provisional decision. But as I said in that decision, I don't think it's fair and reasonable that Advantage cancelled Ms T's policy in the way that it did.

She did try to contact it by email to discuss the matter, but Advantage didn't respond. And it used only one method to tell her about the cancellation, when best practice would be to use at least two methods.

I'm upholding Ms T's complaint.

### **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:

- Remove details of the cancellation from its own and any external database it's updated.
- Write to Ms T and confirm that it's done this, and that she doesn't need to tell insurers about this cancellation in future.
- Pay Ms T £250 compensation for her distress and inconvenience.

Advantage Insurance Company Limited must pay the amount within 28 days of the date on which we tell it Ms T 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 Ms T to accept or reject my decision before 20 September 2023.

Richard Sowden  
**Ombudsman**