

## **The complaint**

Mr M complains that Devitt Insurance Services Ltd unfairly cancelled his motor insurance policy and charged him the full year's premiums.

## **What happened**

In February 2023 Mr M took out a motor insurance policy through Devitt. He was asked to provide proof of his no claims discount with his previous insurer, which he did, and cover was put in place.

In March 2023 Mr M was involved in an incident with a cyclist and a claim was made on his policy. At which time Devitt asked Mr M to provide his photocard and paper counterpart driving licence, the vehicle registration document, a utility bill, and proof of occupation.

Mr M contacted Devitt to cancel his insurance. He said that whilst he could provide the information requested, he didn't want to as he felt that he'd been profiled and targeted for fraud.

Devitt's advisor asked Mr M if he had any open claims. He said he did, but he wasn't sure if it was under this policy or the previous one. The advisor explained they'd be a cancellation charge of £75, which Mr M was unhappy with. The advisor attempted to explain the reason why the documents had been requested, but Mr M interrupted them several times and became abusive on the call. After a warning was given by the advisor, the call was terminated.

When Devitt didn't receive the documents requested, the policy was cancelled. And it explained to Mr M that as a claim was ongoing under the policy, he'd need to pay the full year's premium.

Mr M was unhappy with this and didn't pay it. Devitt later said it would accept half of the premiums, but Mr M raised a complaint which he brought to our service.

Our Investigator upheld the complaint. She said Devitt had given incorrect information about the cancellation fee and failed to tell Mr M that he'd be liable for the full premiums. She recommended it pay £100 compensation.

Devitt accepted this outcome, but Mr M didn't. He said that had he known he'd have to pay for the full year, he would've provided the documents requested and left the policy in place. As Mr M didn't agree with our Investigator, the complaint has been passed to me to decide.

## **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.

It's a condition of Mr M's policy that after any loss, damage, or accident, he must give his insurer all information they ask for. It's not uncommon for insurers to request information at

the time of a claim in order to validate a policy. And whilst I can understand why Mr M would've been surprised and concerned by this, the insurer is entitled to make that request and Devitt had simply passed on the message. So I can't fairly say Devitt has done anything wrong here.

When Mr M called to cancel his insurance policy, Devitt's advisor asked Mr M if he had any open claims. I assume this was to explore what refund, if any, was due to Mr M. And whilst he did say he had an open claim, he wasn't sure if it was under this policy or not. So it wouldn't have been clear to the advisor whether Mr M was entitled to a refund of premiums. Despite this, they told Mr M he would get a refund and he'd be liable for a cancellation fee.

The advisor should've checked this information, especially as it turned out to be incorrect. Mr M's open claim was under this policy, so he's liable for the full year's premium. This is because the contract he has with his insurer is for a year and the price of that contract is payable upfront. Whilst Mr M may have opted to pay his premium in monthly instalments, his insurers would've received the premium in full from Devitt, with Mr M repaying the cost under a finance agreement. When a claim is made and covered by the policy, the insurer has fulfilled the contract and isn't liable to return any of those funds.

I understand Mr M's claim is still ongoing. And if his insurers are able to recover its outlay, Mr M will be entitled to a pro rata refund of his premiums. But as it stands, he isn't.

Mr M told us that had he known this, he wouldn't have cancelled his policy and he'd have just provided the documents. But when Mr M called Devitt, he was clear that he wanted to cancel the policy. He didn't ask what the costs implications were and whilst he was incorrectly informed about them, he'd already made his mind up to cancel regardless. So I'm not persuaded that he would've acted any differently had he known.

Devitt has offered to accept half of the premiums, which amount to £576.34. I think this is a generous offer, and it should allow Mr M the option to pay this in instalments should he need to. And if the insurers do recover its outlay, any refund due to Mr M should be paid or deducted from the outstanding balance.

I agree with our Investigator that compensation should be paid for the incorrect information given to Mr M. And I'm satisfied £100 fairly reflects the impact this error would've had on him.

### **My final decision**

For the reasons I've explained, I uphold this complaint and direct Devitt Insurance Services Ltd to pay compensation of £100 to Mr M.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 12 October 2023.

Sheryl Sibley  
**Ombudsman**