

The complaint

Mr R has complained that Wakam cancelled his motor insurance policy mid-term.

What happened

Mr R had a private hire motor insurance policy with Wakam that was due to end on 31 May 2023. Wakam wrote to him to tell him they were going to cancel it on 21 April 2023 due to claims he had made. Mr R complained about this and provided information on the claims he thought he had made. Wakam issued a final response to Mr R telling him they would not alter their decision and cancelled his policy. Mr R asked us to consider his complaint.

One of our investigators upheld Mr R's complaint. She said Wakam had not provided sufficient evidence to show Mr R no longer met their eligibility criteria in respect of claims made. She said they should pay Mr R £200 in compensation for the distress and inconvenience he'd experienced as a result of what she thought was Wakam's unreasonable approach in cancelling his policy.

Mr R didn't respond to the investigator's view. Wakam didn't agree with it. They maintained they were entitled to cancel Mr R's policy, as there was a claim outstanding against him on which they would definitely pay out more than £20,000. So far as they were concerned, this meant he no longer met their eligibility criteria.

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 agree with our investigator that the evidence Wakam have provided doesn't show Mr R no longer met their criteria. This refers to claims where payments have been made and not claims which have a reserve against them, but no payment has been made. I appreciate Wakam's system takes into account reserve amounts, but this doesn't make it appropriate or fair and it is not in line with what their criteria actually says.

In any event, I do not consider the fact Mr R has made a claim or claims during the policy term, whether amount(s) have been paid or not would be sufficient for me to say it was fair for Wakam to cancel his policy. It is not one of the reasons listed in the policy for cancellation by Wakam. And, although the list isn't exhaustive, I do not consider it fair and reasonable for an insurer to cancel a policy mid-term simply because of claims experience. The insurer has committed to cover the risk of claims up to the policy end date and the fact someone makes one or more claims should not mean the insurer escapes their commitment to continue providing cover.

It therefore follows that I think Mr R's complaint against Wakam should be upheld. I agree with our investigator that Wakam should pay him £200 in compensation for distress and inconvenience. They should also remove any record of the cancellation from their own systems and any central databases they have placed it on. This is because it should never

have ended up on record in the first place on the basis Mr R's policy should never have been cancelled.

Putting things right

For the reasons set out above, I've decided to uphold Mr R's complaint and make Wakam pay him £200 in compensation for distress and inconvenience. Wakam must also remove any record of the cancellation of Mr R's policy from their own systems and any central databases they have placed it on.

My final decision

I uphold Mr R's complaint against Wakam and order them to do what I've set out above in the 'Putting things right' section..

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 26 October 2023.

Robert Short
Ombudsman