

The complaint

Mr A complains that Acromas Insurance Company Limited unfairly cancelled his motorhome insurance because they didn't like the risk.

What happened

Mr A held a motorhome insurance policy with Acromas.

In January 2023 Mr A was in Spain in his motorhome where he had been since 15 November 2022. He was considering travelling to Morocco, and so he rang Acromas to ask if he could have a green card. During that call Acromas asked some additional questions about his travel plans.

Following that call, Acromas sent him a letter on 16 January cancelling his policy from 23 January as they said he no longer met their acceptance criteria for cover. Mr A complains that his policy was unfairly cancelled and it has now cost him a lot more to take out a new policy as he has a cancellation on his record.

Mr A raised a complaint about this, but Acromas said that the decision was made in accordance with the terms and conditions of the policy relating to residence.

Mr A was unhappy with Acromas's response and brought his complaint to us. One of our investigators has looked into Mr A's complaint but he thought Acromas had acted fairly and within the terms of the policy.

Mr A disagreed with our investigator's view, and so the case came to me to review. I issued a provisional decision on the complaint. My provisional findings were as follows: What I have to decide is whether Acromas have fairly applied the terms and conditions of the policy.

I've carefully considered the information provided by Mr A and Acromas.

In Mr A's policy it says the following about cancellation:

If we need to cancel your policy

Your insurer, or Saga, on their behalf may cancel your policy by giving you seven days' notice by recorded delivery letter to your last known address. There may be a number of reasons why your policy may be cancelled, including non payment or premium, arrangement fee, and other fee or charges requested in writing, or a change to your insurance details that means we are no longer able to cover you. Your insurer will remove your vehicle from the Motor Insurers Database and refund to you the unused part of your premium. The arrangement fee will not be refunded and saga will charge a cancellation fee.

On p 48 of the policy booklet it says:

"We and/or Saga may cancel this policy by giving you seven days' notice by recorded delivery letter to your last known address. This policy may be cancelled where there is a valid reason, for example if: your insurance details change such that they no longer meet our acceptance criteria."

So I'm satisfied that Acromas do have the ability to cancel cover with seven days notice when a customer no longer meets their acceptance criteria.

However, I've then gone on to consider whether Mr A no longer met those criteria, and whether the policy was cancelled fairly. And in this situation, I don't think it was. When Mr A rang Acromas, it was to discuss his proposed travel plans to Morocco, and to request a green card.

During further questioning about the proposed trip, Mr A told the call handler that he had left the UK on 15 November 2022 and he was not intending to return until 20 May 2023. He also advised that he rents out his property in the UK to pay for his travel costs and lives with his mother when he is in the UK. He does this frequently as he doesn't like the UK winters. While Mr A had a proposed return date of 20 May 2023, but as he was travelling with his motorhome, his plans and dates were flexible.

Acromas put this to their underwriters, and they said they were no longer able to offer cover, as the acceptance criteria for cover says that you must have a primary permanent residence in the UK, and that Mr A's arrangements in terms of renting out his property and travelling outside the UK for more than six months of the year meant he no longer met their acceptance criteria.

I have seen Acromas's underwriting criteria, and it does require that a person's primary residence is the UK. However, they haven't provided me with the definition of "primary residence" in the underwriting criteria or policy, and so I'm unable to say whether they have fairly applied it. Mr A has told us that prior to leaving on 15 November 2022 he had been in the UK for six months, and I haven't seen any evidence which supports Acromas's view that renting out your property while you travel for six months would ordinarily change your main country of primary residence.

When Mr A rang to ask Acromas about getting a green card to go to Morocco he had no expectation that it would cause an issue. He previously had green cards for Morocco and for Turkey on a similar basis from Acromas and no questions had been raised on those occasions.

I think that Acromas should have explained to Mr A that he was required to retain his primary residence in the UK for his cover to be unaffected – and what that meant. Mr A would then have been able to make the decision about whether to shorten his trip to retain cover, or to cancel his policy himself and look elsewhere for cover.

Mr A wasn't in breach of his policy terms at the time it was cancelled – he had only been out of the UK for two months, and he was only making an enquiry for something that hadn't yet happened. So it seems unfair for Acromas to cancel his cover, resulting in him having a cancellation on his record.

Mr A also now has to declare the cancellation of his policy which is affecting his premiums and means he is being refused cover.

In the light of these findings, I therefore intended to uphold Mr A's complaint, and I invited the parties to comment.

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.

Both Acromas and Mr A have responded.

Acromas disagree with my decision, although they are willing to offer £100 to settle matters. They have confirmed that the cancellation was never entered on the claims and underwriting exchange, and so there was no need for Mr A to declare it in the future, and they didn't ever tell him it would be necessary.

Despite Acromas's representations, I still don't think they acted fairly in cancelling the policy. I think they could have outlined the terms of the policy with Mr A more clearly when he made the enquiry about going to Morocco, which would have given him the choice to amend his travel dates to conform with the policy. In terms of the remedy for this, I have decided to award the difference in premiums for the period from when Mr A's policy was cancelled on 18 January 2023 to the end of the policy year, which was 9 April 2023. This is because I can't say for certain that Acromas would have offered cover for the new policy year that started on 10 April 2023 – and so I don't think it is fair to make any award past that date .

Mr A has commented that the new policy terms with LV were not as favourable as Acromas's. However, I can't see that he has incurred any loss as a result of the less favourable terms in the period between 18 January 2023 and 9 April 2023, and so I don't consider that any compensation is appropriate for that.

Mr A has also asked me to increase the award for distress and inconvenience. He has included some additional information about the inconvenience this caused him, and so I have increased the award to £250 in the light of those representations. I notified this change to Acromas and haven't received any response.

Mr A has told me that he is still unhappy with this and has indicated that he has taken legal advice and is likely to reject my decision. That is his prerogative. We are an alternative dispute resolution service working on the basis of what we think is a fair outcome for the parties. If he rejects my outcome Mr A can still go down the route of legal proceedings if he chooses to do so. However, I am satisfied that having considered all of the circumstances in this case, my final decision and the award I have made is fair and reasonable.

In light of the above, I'm making my final decision in line with my provisional findings, amended as notified to the parties.

Putting things right

In order to out things right I think that Acromas should:

- Pay Mr A the difference between the cost of his premium with Acromas and the cost with LV for the period 18 January 2023 – 9 April 2023.
- Pay Mr A 8% interest on the above sum from the date it was paid to the date of settlement.
- Pay Mr A £250 for the distress and inconvenience caused by cancelling his policy when he was out of the country and had to arrange new cover.

My final decision

My final decision is that I'm upholding Mr A's complaint and direct Acromas Insurance Company Limited to put things right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 9 October 2023.

Joanne Ward
Ombudsman