

## The complaint

Mr J has complained that Freeway UK Insurance Services Limited failed to tell him his Taxi Insurance policy was not going to renew and that this led to him having to stop working as a taxi driver for nearly a month.

## What happened

Mr J renewed his policy with an insurer, who I'll refer to as S, through Freeway in January 2023. It was due to start on 20 January 2023. He made a claim just before 20 January 2023 under his previous policy with S. This meant S was not willing to renew his policy and it informed Freeway of this. Freeway intended to send an email to Mr J on 19 January 2023 to let him know this but, due to a system issue, this email was not sent. The policy didn't renew and this meant Mr J was driving his taxi uninsured. The taxi company Mr J worked for found out Mr J was uninsured. It switched Mr J off its platform and this meant Mr J couldn't work for it.

The taxi company queried with Freeway whether Mr J would have been aware he was uninsured. Freeway informed them on 26 January 2023 that Mr J had been sent an email saying his policy would not be renewing on 19 January 2023. This led to the taxi company refusing to reinstate Mr J on its platform even though he'd arranged a new policy. Mr J asked Freeway to provide proof that it had emailed him on 19 January to say his policy would not be renewing. It was unable to provide this proof and it wasn't until the taxi company queried the issue with Freeway again later in February that it finally admitted Mr J would not have received the email telling him his policy was not going to renew. When the taxi company was told this it immediately allowed Mr J back on its platform, so he could start working for it again.

Mr J complained to Freeway and mentioned in at least two emails that he had not been able to work and he even said the following in an email dated 22 February 2023:

‘..... I'm out of work last 4 weeks it's very difficult for me I don't have any earnings so it's a (sic) urgent matter I need this ASAP I'm suffering because of your company's fault’

Freeway issued a final response to Mr J dated 24 February 2023 in which it apologised for the fact its email of 19 January 2023 was not sent to him. But it didn't offer Mr J any compensation.

Mr J asked us to consider his complaint. He said he was unhappy that Freeway hadn't informed him that his policy wasn't going to renew and pointed out this had meant he had been unable to earn any income from his taxi business for around four weeks. One of our investigators considered Mr J's complaint. She asked him to provide evidence of his earnings as a taxi driver in the period up to when he had to stop working and evidence to show he hadn't earned anything in the period he'd been switched off the taxi company's platform. He provided this evidence and the investigator issued her first view on Mr J's complaint. In this she said Freeway should compensate Mr J at £82.31 per day for 26 days loss of earnings as a taxi driver. This was on the basis it had failed to make it clear to the taxi company it had not sent the email of 19 January 2023 to Mr J when it first queried whether

Mr J should have known he was uninsured.

Freeway didn't accept the investigator's view. Initially, it argued it had responded to the taxi company's request for information on 26 January 2023 and couldn't be held responsible for delays beyond this point. Our investigator explained that its error was not failing to respond at this time, but failing to realise it hadn't sent the email to Mr J and let the taxi company know this.

This led to Freeway accepting it was responsible for Mr J not being able to work for a period of 26 days. However, it argued he'd never complained about his loss of earnings and so it had not had the chance to consider these. Our investigator offered Freeway the chance to consider this aspect and it said it needed a copy of Mr J's tax return to enable it to do so.

The investigator asked Mr J to provide his tax return and he eventually provided this for the period April 2022 to March 2023. This showed he earned £1,327 net after the deduction of expenses as a taxi driver in this period and led to Freeway offering a total of £94.53 for Mr J's lost earnings, plus £100 in compensation for distress and inconvenience.

Our investigator did a second view on the complaint. In this she said she was satisfied the £100 in compensation for distress and inconvenience was fair. However, she said Freeway should pay £20 per day for loss of earnings for the same 26 day period, i.e. £520 in total.

Mr J thanked the investigator for her help. But Freeway didn't accept the view and asked for an ombudsman's decision. It said it could not accept the investigator's recommendation when Mr J's tax return showed he only earned a total of £3.64 per day net on average for the tax year 2022 to 2023, as her recommendation of £20 per day was more than five times this amount. It re-iterated its point that it never had the chance to deal with Mr J's complaint about loss of earnings. It also said Mr J tried to claim reimbursement for a number of expenses, such as his taxi rental cost, which he could not provide evidence of. And that he was also unable to provide evidence of his petrol costs.

I issued a provisional decision on 17 November 2023 in which I set out what I'd provisionally decided as follows:

*I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*I should say first of all that I am surprised by Freeway's assertion that it didn't have the chance to deal with Mr J's complaint about loss of earnings, when it is clear he raised this issue at least twice with it before it issued its final response. This was – in my opinion – something Freeway should have considered before issuing its final response letter. And it should have at the very least, checked with Mr J whether he wanted it to consider compensation for loss of earnings.*

*I do share Freeway's concern that any compensation Mr J receives for loss of earnings has to be based on his average net earnings as a taxi driver in the period either side of the 26 days he couldn't work due to Freeway's error. And it does seem strange he only earned £1,327 net after expenses like fuel costs were deducted in the whole tax year 2022 to 2023.*

*Our investigator asked Mr J about this and he has said he didn't work as a taxi driver for a further six weeks and that he had time off when his wife gave birth and to look after his other two children. And I can see he earned between about £580 and £900 per week in the period up to when he was turned off the taxi company's platform. However, I can't know what hours he'd have worked in the period he was switched off the taxi company's platform. And – all I really have to go on for this period that is a reliable indication is his tax return. I say this*

*because I have nothing compelling to show he'd have worked the same hours as he did in the period leading up to when he was switched off the platform. And, even allowing for what Mr J has said, I can't see he could have had enough time off to have earned £20 per day on average for the year. It's also difficult because it seems he earned a significant part of his income for this tax year in December 2022 and January 2023. And this suggests he didn't earn much on average in the rest of the year. And – even if I allow for the fact he could have had a further 10 weeks off across the year on top of the 26 days he lost due to Freeway's error, this only means he didn't work 96 days in the tax year 2022 to 2023, i.e. he'd have worked 269 days in total. This means he earned around £5 per day on average in the year net. But I also need to factor in that he earned a significant amount more than this in the period December 2022 to January 2023. In view of this, I don't think Freeway's offer of £82 is far off. But, as we're an informal service, I've decided to keep it simple and award £100 for loss of earnings, on the basis I think it is likely Mr H lost at least this net.*

*I've also considered the impact that Freeway's error would have had on Mr J emotionally and the distress not being able to earn anything at all from his taxi business for 26 days would have caused him. It must have been extremely disturbing and frustrating for him knowing he hadn't been told his policy hadn't been renewed, with Freeway insisting he had and not providing the copy of the email he was asking for to prove this. This coupled with the embarrassment of the taxi company thinking he'd knowingly driven uninsured and the inconvenience of having to arrange new insurance at very short notice and liaise with the taxi company on the issue, would have been very inconvenient and distressing for Mr J.*

*In view of this, I do not consider that £100 in compensation is anywhere near enough to compensate Mr J for the level of distress and inconvenience he experienced, especially when considered against the guidance on our website for the sort of awards we make for distress and inconvenience. I've thought carefully about this and because I think the level of distress and inconvenience was significant for Mr J, I've provisionally decided to award him £400.*

*During the course of our investigation of his complaint Mr J has suggested he lost out in other ways financially. He seemed to be suggesting at one point he had to rent his taxi without being able to use it. Although, he later clarified he was just saying what it would have cost to rent one. So this wasn't an expense Mr J actually incurred. He also thought he had to pay more for his new insurance policy due to having to get it at short notice. But I suspect this was actually because he'd made a claim and lost his no claims bonus. So I don't think there is anything else it is appropriate for Mr J to be compensated for as a result of Freeway's error.*

*In summary, I think the fair and reasonable outcome to Mr J's complaint is for Freeway to pay him £100 as compensation for loss of earnings and £400 in compensation for distress and inconvenience.*

I gave both parties until 1 December 2023 to provide further comments and evidence in response to my provisional decision.

Mr J has said he is happy with my provisional decision and accepts it. Freeway has it has nothing further to add.

### **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.

As neither party wishes to provide any further comments or evidence, I see no reason to

depart from the outcome I set out in my provisional decision.

### **Putting things right**

For the reasons set out in my provisional decision, as repeated above, I've decided to uphold Mr J's complaint and make Freeway pay him £100 for loss of earnings and £400 in compensation for distress and inconvenience.

### **My final decision**

I uphold Mr J's complaint about Freeway UK Insurance Services Limited and order it 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 J to accept or reject my decision before 21 December 2023.

Robert Short  
**Ombudsman**