

The complaint

Mr W complains about cancellation of his motor insurance policy by his insurer, Advantage Insurance Company Limited (Advantage).

References to Advantage in this decision include their agents.

This decision covers the complaint made by Mr W to this Service in August 2023, about the cancellation of his policy. It doesn't cover the handling of his claim for the loss of his vehicle and the settlement of the claim.

What happened

In August 2022 Mr W was involved in an accident in which his parked vehicle was hit by another vehicle. Advantage assessed the damage and concluded the vehicle was a Category B total loss. They made Mr W a settlement offer for his vehicle, based on a valuation (£3,025) but he wasn't happy with the offer, saying his vehicle was in excellent condition before the accident and that £6,000 would be a fair valuation. Advantage reviewed the valuation and increased it to £4,920. Mr W was still unhappy at the offer, but Advantage wouldn't increase their offer and paid Mr W the settlement offered (September 2022).

As they'd paid the settlement offer, Advantage said the vehicle was now owned by them and asked Mr W to send the keys for the vehicle as well as other documents (including the registration document). Mr W said he wouldn't send them until they improved their offer. However, Advantage wouldn't increase their offer. And because Mr W refused to send the keys and documents, they cancelled the policy on the grounds of Mr W not cooperating with them (December 2022).

The policy was subsequently reinstated when Mr W said he would send the keys and documents. But Mr W didn't provide them. So, the policy was cancelled for a second time (May 2023). Mr W provided the keys and documents later that month, but Advantage declined to reinstate the policy a second time, due to Mr W not co-operating.

Unhappy at what happened, Mr W complained to Advantage. In their final response (August 2023) they said Mr W hadn't cooperated in progressing the claim. After they'd paid Mr W the settlement figure, ownership of the vehicle passed to them. As a Category B total loss they legally couldn't return the vehicle to Mr W, and it would have been salvaged or sold to someone with a vehicle breakers licence. The vehicle wouldn't have been permitted to return to the road, even if it was repaired. Advantage referred to their cancellation of the policy in December 2022; subsequent reinstatement; cancellation in May 2023; and decision not to reinstate it. They didn't uphold this element of the complaint.

However, Advantage accepted Mr W had been wrongly told by a call handler in May 2023 that if he provided the requested keys and documents within seven days they wouldn't cancel the policy. But that was a decision for the underwriters. As he had been wrongly advised, Advantage upheld this element of complaint and apologised for not providing the service they should have done. They paid Mr W £30 compensation.

Mr W then complained to this Service. He was unhappy at having lost his vehicle as a total loss his insurance had been cancelled, leaving him without either. And the cost of insurance had increased significantly. He wanted Advantage to sort things out.

Our investigator didn't uphold the complaint, concluding Advantage acted fairly in cancelling the policy due to non-cooperation by Mr W. They also acted fairly and reasonably in not reinstating the policy and applying a marker to the shared insurance database. Advantage also issued a premium refund. The policy terms include the option to cancel a policy if a policyholder didn't provide reasonable cooperation and Mr W hadn't provided the vehicle keys and documentation over a sustained period following the settlement of his claim. Mr W was aware of the consequences of not cooperating, having had his policy previously cancelled and reinstated for non-cooperation.

Mr W disagreed with the investigator's further view and asked an ombudsman to consider the complaint. He said he'd provided the vehicle keys and documents within the seven day period requested by Advantage, and it shouldn't have been down to the underwriters to decide. He also thought his policy had been cancelled in September, and that the May date wasn't relevant to his complaint.

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.

My role here is to decide whether Advantage have acted fairly towards Mr W.

The key issue in Mr W's complaint is Advantage cancelling Mr W's policy (for a second time) on the grounds of him not cooperating by not providing the keys and other documents for his vehicle following its total loss. Mr W says Advantage have acted unfairly in cancelling his policy and refusing to reinstate it after he provided the keys and documents. Advantage say they acted fairly in line with the policy terms and conditions that provide for them to cancel a policy if a policyholder doesn't cooperate.

In considering the complaint, I've first looked at the relevant policy terms and conditions. Under a heading *Our rights to cancel your Policy* and a subheading *We may give you seven days' notice of cancellation* it states:

"We and your Insurer can cancel your Policy at any time by sending you seven days' written notice to the last postal or email address on our system, stating why the Policy has been cancelled. We can only do this for one of the following reasons:

- *You don't provide reasonable cooperation to us or your Insurer in order to allow us to process your Policy, or a claim, or to defend our interest..*
- *You don't send us or your Insurer information or documentation that your Insurer reasonably requires to process your Policy, or a claim, or to defend their interests..."*

I've then looked at the sequence of events in this case. While Mr W wasn't happy with the settlement offer made by Advantage for the total loss of his vehicle, they paid the settlement in September 2022. At that point, the legal ownership of the vehicle passed from Mr W to Advantage. And as a Category B total loss, the vehicle couldn't be returned to Mr W (or returned to the road even if repaired). In those circumstances, it was reasonable for Advantage to request the vehicle keys and documents.

Mr W didn't provide them, leading Advantage to cancel his policy the first time in December 2022. I think that was reasonable, given the three months from the settlement being paid.

It was Advantage's decision to reinstate the policy when Mr W agreed to provide the vehicle keys and documents. But he didn't do so until May 2023, a further six months after the first cancellation and reinstatement. And while he was misadvised about the possible reinstatement of the policy (and awarded what I think is reasonable compensation) I don't think Advantage acted unfairly in cancelling the policy for a second time, bearing in mind the earlier cancellation (and reinstatement) and the overall time it took for Mr W to provide the vehicle keys and documents – some eight months after the settlement was paid.

And having had the policy cancelled and reinstated a first time, he should reasonably have been aware of the possibility of a second cancellation. I also think it was reasonable for Advantage to decide not to reinstate the policy a second time, and to apply a marker to the relevant insurance database.

Mr W says he provided the vehicle keys and documents within the seven days requested by Advantage. I take this to refer to May 2023, where Advantage's case notes indicates they were sent to their salvage agent (where the vehicle was kept). The case notes (and Advantage's final response) refer to the first policy cancellation (and reinstatement) in December 2022 and then the second cancellation in May 2023. There's no indication the policy being cancelled in September (which I take to be 2022).

And while Mr W provided the keys and documents in May 2023 within the seven days Advantage referred to, this was nine months after the settlement was paid. I don't think it was unreasonable for Advantage to conclude this wasn't reasonable cooperation from Mr W.

Mr W also says it shouldn't have been a decision for the underwriters. But that's an internal process and decision for Advantage – it isn't something for me to consider as part of Mr W's complaint, which is against Advantage as a business, not any internal part of it.

Looking at the above policy wording in conjunction with the sequence of events, I've concluded Advantage acted in line with the policy terms and conditions in exercising their right to cancel the policy (and raise a premium refund). And having acted fairly and reasonably in cancelling the policy, I think it was similarly fair to record details of the cancellation on the relevant insurance database(s).

Taking all these points into account, I think Advantage have acted fairly and reasonably towards Mr W, so I won't be asking them to do anything further.

My final decision

For the reasons set out above, it's my final decision not to uphold Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 4 March 2024.

Paul King
Ombudsman