

The complaint

Mr A has complained that Sabre Insurance Company Limited unfairly cancelled his taxi insurance policy.

All reference to the insurer Sabre includes its agents.

What happened

Mr A bought a taxi insurance policy in April 2023 with the insurer Sabre. Sabre asked Mr A which local authority he was licenced to work, which he provided when he applied for the policy.

Mr A was involved in an incident and his taxi was declared a total loss. Mr A bought a replacement taxi and insured it under the existing policy.

Sabre identified that Mr A's replacement taxi was licenced in another local authority, which it didn't provide insurance for. So Sabre said it would cancel the policy with immediate effect.

Mr A complained to Sabre, but it didn't uphold his complaint.

Our Investigator thought Sabre was entitled to cancel the policy as it had shown it wouldn't provide cover if it knew Mr A's taxi was licenced to another local authority. But she didn't think the way Sabre had cancelled the policy was fair. Mr A wasn't aware the taxi was licenced elsewhere and had evidence of its licence in his local area, as his previous taxi was.

So the Investigator thought Sabre should have checked with Mr A first and given him a reasonable opportunity to either arrange the removal of the licence or cancel the policy himself – given the consequences of having to declare a cancellation by an insurer when arranging future insurance.

As a result of the cancellation by Sabre, Mr A explained that he was unable to afford insurance elsewhere and was unable to work. For the inconvenience caused by Sabre's actions, the Investigator recommended Sabre pay Mr A £350 compensation. She also recommended Sabre remove any cancellation marker against Mr A's name.

Sabre acknowledged receipt of the Investigator's view but didn't provide any comments. Mr A didn't reply. So the case has been passed to me for a final decision.

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.

Sabre's policy says the following about its cancellation process;

"Your insurance may be cancelled because:

- *You or anyone else covered by this insurance have not met the terms and conditions of the insurance*
- *You have not provided documentation requested by us (such as a copy of your driving licence or evidence of no claim bonus)*
- *A change in your circumstances means we can no longer provide cover*
- *You harass any member of either our staff, or the staff of (agent name inserted here), or show abusive or threatening behaviour towards them*
- *You fail to reasonably co-operate in dealing with any claim arising under the Policy*
- *You fail to pay the premium”*

Sabre says it checked a database which showed that the registration plate for Mr A's replacement taxi was licenced in Mr A's name for a different local authority – but that it was later confirmed that it wasn't in Mr A's name. Irrespective of this, Sabre says that due to the fact the registration plate was licenced in a local authority it didn't cover, this was something it wouldn't provide insurance for. And it has provided evidence to support its decision, which I accept.

However, Sabre emailed Mr A to advise him of the cancellation which it carried out at midnight that same day. I think this was unfair for the reasons the Investigator gave. Mr A says he wasn't aware of the licence attached to the registration plate – and he wasn't given the opportunity to do anything about it before Sabre carried out the cancellation. I think it should have given Mr A the opportunity to cancel the policy – or to remove the taxi registration plate from being licenced with the local authority in question.

When an insurer cancels a policy, this can have a significant impact on the premium a customer pays for future insurance as insurers deem it to be a higher risk. Mr A told us he hasn't been able to afford insurance elsewhere, and this was his livelihood.

So I think Sabre has acted unfairly and it should put things right in line with the Investigator's recommendations.

My final decision

My final decision is that I uphold this complaint. I require Sabre Insurance Company Limited to do the following:

- Remove any record of a cancellation marker against Mr A's name and provide Mr A with a letter confirming this.
- Pay Mr A £350 compensation for the inconvenience caused.

Sabre Insurance Company Limited must pay the compensation within 28 days of the date on which we tell it Mr A accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 7 February 2024.

Geraldine Newbold
Ombudsman