

The complaint

Mr K complains that Ageas Insurance Limited (“Ageas”) cancelled his car insurance policy and applied unfair charges when issuing a refund.

What happened

Mr K renewed his policy with Ageas and included his wife as a named driver. He says he disclosed that his wife had been involved in a non-fault accident in her own car. Mr K says Ageas claimed the accident was Mr K’s wife’s fault and then cancelled the policy. Mr K says Ageas retained £105.63 for three weeks cover and refunded the remainder of the premium. Mr K felt this was unfair, so he complained.

Ageas responded and explained, after the policy renewed, they received notification of a fault claim recorded against Mr K’s wife on the Claims and Underwriting Exchange (“CUE”) database. They said they provided Mr K with options to address this but, because Mr K didn’t proceed with any of the options, they cancelled the policy. They explained all fees and charges which were applied, were done in line with their Terms of Business.

Our investigator looked into things for Mr K. She thought Ageas hadn’t acted unfairly in relation to the refund amount. Mr K disagreed so the matter has come to me for a 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.

Having done so, I’ve decided not to uphold the complaint. I understand Mr K will be disappointed by this but I’ll explain why I have made this decision.

I can see Mr K renewed his policy in September 2023. The renewal confirmation letter sent to Mr K shows the premium paid was £277.85. This letter breaks down the premium and includes £22.75 paid for the optional cover for motor legal expenses and a non-refundable policy set-up fee of £20.

The letter contains a Statement of Fact which says, *“Below is a record of the information you have provided. Please check this information carefully, if there is anything missing or incorrect please let us know immediately...”* It shows Mr K’s wife has been included as a named driver on the policy. It also asks about any claims history and records one incident involving Mr K’s wife in 2016.

Also included with the renewal invite was Ageas’ Terms of Business and this sets out a list of non-refundable fees and charges. This includes a policy set-up fee of £20 and a cancellation fee after 14 days of £50. It also says, in the event of cancellation after 14 days and where no claim has been made, Ageas will refund Mr K for the time left on the policy. It explains this is calculated by working out the cost of the insurance per day, and then refunding Mr K for the days he hasn’t used, minus the relevant fee. The letter also included a ‘Motor Legal

Expenses' Insurance Product Information Document, and this says *"You can cancel the policy any time after 14 days. There will be no refund of premium."*

The information shows Ageas then received information from the CUE database showing a fault claim from 2023 being recorded against Mr K's wife – and they write to Mr K about this. They say, in order for Mr K's policy to continue, they need him to contact them. They say if the matter isn't resolved within 14 days, the policy will be cancelled. They set out three options which are for Mr K, to pay an additional premium of £148.20, provide proof from Mr K's wife's previous insurer that the claim information showing on the CUE database is incorrect, or to cancel the policy subject to the applicable fee. In relation to the proof required by Ageas, they explain they'll need a letter from Mr K's wife's previous insurer confirming the claim has either been removed or settled/closed as non-fault.

Mr K responds and attaches a copy of an email his wife sent to her previous insurer. This sets out the accident circumstances with Mr K's wife maintaining she wasn't at fault. Ageas respond and explain that, whilst claims are open, they're often recorded as fault on the CUE database until settled. They explain this doesn't suggest liability but may be that Mr K's wife's previous insurer might not have been able to recover any costs from the third party. Ageas again ask Mr K for any proof from his wife's previous insurer showing the claim has been updated to non-fault. Ageas then chase Mr K for a response and again set out the three options available to him. They also say if they don't receive a response within seven days, then Mr K's policy will be cancelled. There's further communication between Mr K and Ageas during which Mr K says he expects a full refund if the policy is cancelled, and Ageas explain there will be a £50 cancellation fee deducted from any refund due to Mr K.

As Mr K hadn't resolved the claim issue, Ageas then cancelled the policy and deducted £12.88 for the time on cover, £22.75 for the motor legal expenses cover, £20 set-up fee, and £50 cancellation fee. The total deductions came to £105.63 which, when deducted from the premium Mr K paid of £277.85, left an amount of £172.22. Ageas though issued a refund of £172.25.

Taking this all into account, I can't say Ageas have acted unfairly here. I acknowledge Mr K says it was Ageas' decision to cancel the policy, but the information shows they did inform Mr K on two occasions the policy would be cancelled unless the claim issue was resolved. I can't see Mr K paid the additional premium or provided information from his wife's previous insurer in the format requested by Ageas, so I don't think it was unreasonable in the circumstances for Ageas to cancel the policy.

I can see Mr K maintains his wife wasn't responsible for the accident. I do acknowledge the points made by Mr K about the accident circumstances, but it's not the role of our service to decide who is at fault for an accident. I think it's also important to add, it's Mr K's wife's previous insurer who will have dealt with any claim. So, while I acknowledge the points made by Mr K about liability for the accident, it isn't for Ageas to investigate and assess liability.

I think it's also important here to clarify how insurers decide whether a claim is treated as fault or non-fault. When a claim is made on a policy, an insurer will generally look to assess, from a liability point of view, who was at fault. If it's found that a third party was at fault – and this isn't in dispute – an insurer will generally arrange any repairs to their policyholder's car and look to recover their outlay from the third party's insurer. If an insurer is able to make a full recovery, they'll treat the claim as non-fault. If however, the insurer isn't able to recover their full outlay, for example, if a third party is untraced/uninsured, then any costs incurred in repairing their policyholder's car won't be recoverable from a third party. And in these cases, because the insurer won't have recovered their outlay from a third party, they would treat this as a fault claim – and that's generally the case even if, from a liability perspective, the policyholder wasn't at fault. I'm not

saying that was the case here, but I've made reference to this to help explain how insurers categorise a claim as fault/non-fault.

I've seen that Ageas have relied on information recorded on the CUE database. The CUE is a database which records information about motor and home incidents, as well as other areas. An insurer has a duty to make accurate records and the information on the CUE database records the claim type as 'fault' and the status as 'open – outstanding'. So, I can't say Ageas have acted unreasonably by relying on information recorded on the CUE database or that they've acted unfairly by treating the accident as a fault claim. And it's not unreasonable for Ageas to therefore rate the policy based on this information. I can see Ageas have allowed Mr K an opportunity to present any evidence from his wife's previous insurer to demonstrate the information on the CUE database is inaccurate. Given that Mr K hasn't provided this, I can't say it's unreasonable therefore for Ageas to treat the incident as a fault claim.

I've also considered Mr K's concern about the deductions applied to his premium refund. Looking at each deduction applied, there was a charge for time on cover – and the Terms of Business does make it clear this is payable in the event the policy is cancelled after 14 days. The information provided to Mr K with the renewal confirmation letter also makes it clear that he'd taken out motor legal expenses cover and that the premium for this wasn't refundable in the event of cancellation. The other two deductions relate to the policy set-up fee and cancellation fee, and the Terms of Business does make it clear both of these are non-refundable in the event of cancellation. So, while I acknowledge Mr K is frustrated at the level of refund, I can't say Ageas have applied any deductions unfairly.

I wish to reassure Mr K I've read and considered everything he has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

My final decision

For the reasons I have given, it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 2 April 2024.

Paviter Dhaddy
Ombudsman