

## The complaint

Ms E and Mr R complained that they were pressurised into cancelling their motor insurance with First Central Underwriting Limited ("First Central") over issues with how their *"black box"* policy was tracking their driving.

## What happened

Mr R arranged a *"black box"* policy with First Central. He was the main driver on the policy. The policy relied on the operation of an app on Mr R's phone (and other named drivers) and a Bluetooth connection to track Mr R's driving to ensure he safely complied with the terms and conditions of the policy.

Another driver was named on the policy. An issue arose when the named driver was a passenger in the car. Mr R said the *"black box"* tracking recorded the passengers use of a mobile phone in the car, which adversely impacted the reported score (for safe driving) on the app.

First Central accused Ms E of using her phone while driving, even though Mr R said she was the passenger. Mr R phoned First Central as soon as he received an email notifying him of this information. Mr R was advised that the passenger should turn their app to *"passenger mode"*. Mr R said he had no issues when they followed this advice.

Mr R then after about three months received a final warning from First Central that the *"black box"* identified phone use while the car was being driven. Mr R explained the situation to First Central that had occurred before, had reoccurred. Whilst Mr R couldn't get the flags on the recording changed, he felt reassured by the agent it wouldn't be held against him.

A few more months passed again and the same happened again. Mr R was sent a cancellation notice. Mr R said he was distressed about not potentially having insurance. As a young driver, he said he needed help from First Central. The call agent at First Central said to avoid the enforced cancellation being recorded against him, he could voluntarily cancel his policy ahead of this time. He said he felt bullied into this action, so it wouldn't affect future policies.

Mr R thought it was unreasonable to expect the passenger to remember to turn their phone to passenger mode every time they got in the car. He said he informed First Central every time there was an issue.

First Central said it had warned Mr R what would happen if the app wasn't turned off by the passenger, so it said it sent a cancellation notice in line with its terms and conditions.

Our investigator decided to uphold the complaint. He didn't think First Central had acted in line with its terms and conditions. He said First Central should refund the cancellation fee, pay for the lost period of insurance and pay £300 compensation for distress and inconvenience. First Central disagreed, so the case has been referred to an ombudsman.

## **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.

First Central said it followed its terms and conditions in sending a cancellation notice for the policy. So, I have examined what the terms and conditions said.

The Insurance Product Information Document (IPID) states an obligation that *"You must not speed or use your mobile phone whilst driving. If you do your policy may be cancelled"*. The policy defines "You" as *"...the person named as the policyholder in the Schedule..."*.

There is nothing in these terms and conditions that sets out that a named driver using their mobile phone could lead to a cancellation of the policy. I have checked other parts of the policy that maybe used to cancel it, but this only refers to a driver passing their phone to a passenger, so doesn't explicitly cover these circumstances.

I appreciate First Central shared emails with Mr R leading up to the cancellation. But having checked these, they aren't consistent with the terms and conditions of the policy I've shared. So, I don't think they are relevant. The emails also suggested it was illegal for Ms E to use a mobile phone in the car, which clearly isn't the case if she was a passenger.

I've also considered Mr R's testimony. I think he has actively informed First Central every time the named driver was a passenger and didn't have the app set-up correctly. He has provided a persuasive narrative which shows he tried to ensure that all people had their app switched off. I don't think it's a surprise that occasionally the passenger may have forgotten to turn the app off. I don't think it's reasonable to expect 100% conformance with this task.

I've noted that apart from the impact of the app not been turned off for the passenger, that all named individuals on the policy, including the policyholder has a good driving record. Therefore, it feels unfair to me that the policy was cancelled, especially given what I explained in relation to the terms and conditions. Therefore, I uphold this complaint.

To rectify its mistake, I require First Central to refund the cancellation fee Mr R paid, plus 8% simple interest per annum for the time he has been without this money. As Mr R's new policy was more expensive, I require First Central to remedy this to ensure he isn't penalised. So, based on evidence provided by Mr R, First Central should pay the additional amount of premiums for the new policy where the old policy would've still covered Mr R had it not been cancelled.

Finally, Mr R has explained in detail the stress he felt under during this period. He felt bullied into a corner to cancel his policy, he was worried about not having insurance and he didn't feel he had support from First Central when he needed it most as a young driver. He was inconvenienced in having to find a new policy and he also didn't benefit from accumulating some no claim bonus. Therefore, I award £300 in compensation.

## **My final decision**

My final decision is that I uphold this complaint. I require First Central Underwriting Limited to pay Mr R:

- The cancellation fee he outlaid plus 8% simple interest per annum for the period he's been without the money
- The additional amount of premiums for the new policy where the old policy would've still covered Mr R had it not been cancelled

- £300 compensation – for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E and Mr R to accept or reject my decision before 21 May 2024.

Pete Averill  
**Ombudsman**