

The complaint

Mr O says Aioi Nissay Dowa Insurance UK Limited cancelled his motor insurance policy and recorded it, leading to indefinite financial detriment for him due to higher premiums.

What happened

The policy started on 4 June 2023. Aioi told Mr O by letter and email (followed by a text) that he had to provide a list of documents by 13 June 2023, or the policy would be cancelled. As it didn't receive anything from him by that date, it cancelled the policy. Mr O looked for cover elsewhere, but the quotes he got were much higher than the premium with Aioi had been, as Mr O had to tell other insurers he'd had a policy cancelled. Mr O didn't think the cancellation was fair, but his main concern was that it would remain on his record indefinitely.

One of our investigators reviewed Mr O's complaint. She noted that when he called Aioi after the cancellation he said he didn't have the V5 registration document it wanted (which took three weeks to arrive) and that he was having trouble getting the photo card driving licences of some of the named drivers. One of Aioi's advisors said if Mr L had sent in *some* of the required documents it would have given him an extension to provide the rest.

Mr O said Aioi could have found most of the details it wanted on insurance databases and that another insurer he'd used had located all the relevant details it needed to provide cover. He said he'd never been asked previously for some of the details Aioi required, despite buying numerous insurance policies over the years. He said the cost of a new family policy with him on it was three times the previous premium. Mr L didn't think Aioi should have been able to cancel within the 14-day cooling off period. And he said Aioi hadn't replied to a subject access request ('SAR') he'd made.

The investigator said there was nothing to stop an insurer cancelling a policy with the cooling-off period, and that each insurer has its own validation process. She said the premiums other insurers charged weren't dictated by Aioi, and that we couldn't comment on the impact of the cancellation across the insurance industry. She pointed out that Mr O would have to raise any complaint about the SAR with Aioi in the first instance. Mr O asked for a review of his complaint by an ombudsman, and it was passed to me.

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.

I think Aioi made it clear from the outset that there was a strict deadline for Mr O to provide the details it required in order to validate the policy. The email it sent on 6 June 2023 said urgent action was required. The letter sent the same day set out in red print "*Important: Documents required*". The deadline date was given in these communications, along with the notification of cancellation should they not be received by then. The letter also said if the policy was cancelled Aioi wouldn't arrange insurance for Mr O in the future. And the text

message sent to him on 7 June 2023 said he should give Aioi's request his *immediate attention*. I think Aioi did all it could to highlight the seriousness and urgency of the situation.

Mr O would have known from past experience that the new V5 was unlikely to arrive within the required time. And he wasn't finding it easy to gather the details needed from some of the four named drivers, as they weren't all in the UK at the time. But he didn't contact Aioi to let it know his predicament or send it the documents he *did* have. I think most consumers would have contacted their insurer in these circumstances. Aioi says there was flexibility in the process, and had he done so, an extension would have been given. Had Mr O called Aioi and *not* been given an extension, I would have considered that unreasonable on its part.

In my opinion, each insurer is entitled to decide what information it wants from a consumer in order to validate a claim. So I don't think the fact that other insurers may ask for fewer details is relevant to Mr O's complaint. And in my experience, many insurers make similar requests to the one made by Aioi. I don't think a consumer can reasonably expect an insurer to gather all the details it wants. And I don't think Mr O can say with any certainty that Aioi would have been able to get all the details it needed from databases anyway.

Insurers and consumers have the right to cancel during the cooling-off period. So if Mr O thought Aioi's requirements were excessive, and he couldn't see why he should have to comply with them (or he felt he wouldn't be able to do so) he could have ended the policy himself. There would have been no charge for doing so during the first 14 days of cover - and no adverse record is made of a consumer's decision to cancel.

I think all Aioi had to do in order to cancel the policy fairly was to give Mr O seven days' notice of cancellation (in line with the policy's terms and conditions) which is what it did. He was then required to report the cancellation to all future insurers, in line with standard industry practice. So - regardless of any cancellation record created by Aioi - Mr O was faced with the consequences of other insurers knowing he'd had a policy cancelled, for an indefinite period.

I understand why he thinks that's harsh, but unfortunately, as the cancellation happened, it's a part of Mr O's insurance history, which is in line with standard industry practice. We could only require Aioi to remove it if Mr O could show that Aioi had made an error or that it had acted unreasonably. In my opinion, he hasn't been able to do that.

I can see why Mr O thinks the situation is unfair, especially when he's had a clear driving record for so many years that has enabled him to find competitive cover. The increase in premium he'll face is likely to vary from one insurer to another, as it will depend on each insurer's underwriting criteria and pricing model. And as the investigator suggested, it may be helpful for Mr O to explain to potential insurers the circumstances of the cancellation.

In terms of Aioi's apparent failure to respond to the SAR, we can't review the issue, as Mr O needs to allow Aioi to consider his concerns about it first. He may be able to get advice from the *Information Commissioner's Office*, as data protection falls within its remit.

My final decision

My final decision is that I don't uphold this complaint.

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

Susan Ewins
Ombudsman

