

The complaint

Mr K complains that Aviva Insurance Limited cancelled his commercial motor insurance policy and didn't tell him this for ten days. He wants Aviva to accept that the policy was wrongly cancelled, to remove any records of the cancellation from any databases where it's been recorded and to pay him compensation for his trouble and upset.

What happened

Mr K took out cover for two vehicles with Aviva. Aviva said the named driver on the policy disclosed that one van had modifications, but the agent didn't act on this information. Mr K later made a claim on his policy and Aviva found that the van had modifications. So it asked Mr K to contact it, but he didn't respond. Aviva told Mr K that the modifications were unacceptable, and it cancelled his policies, refunding some of his premium, but it dealt with the claim.

Mr K thought Aviva had cancelled the policy because of the cost of the repairs. He said he didn't learn about the cancellation for ten days and could have suffered serious consequences because of this.

Aviva agreed that it had no evidence that the second vehicle was modified, so it reinstated cover for this. Aviva paid for the repairs to the van. It said Mr K need not disclose the cancellation as it was due to its error. And it paid Mr K £300 compensation for the trouble and upset caused. But Mr K remained unhappy.

Our Investigator didn't recommend that the complaint should be upheld. She thought Aviva had fairly cancelled the policy for the van as it wouldn't have offered cover if it had known about the modifications. She thought it could have used other means to communicate the cancellation to Mr K. But this hadn't caused him any loss. And she thought it had fairly reinstated cover for the second vehicle, dealt with the claim, and offered Mr K compensation. She thought the cancellation wouldn't affect future policies as Mr K need not disclose it.

Mr K replied that Aviva had exposed him to risk because of the cancellation. He thought he would need to disclose this in the future. He said his van was bought as part of the dealer's range and didn't have non-manufacturer's modifications. He said he hadn't received Aviva's emails asking him to make contact and warning him about cancellation. Mr K asked for an Ombudsman's review, so his complaint has come 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.

Mr K said he had been with Aviva for three years and there had been no concerns about his van. I can understand that he feels frustrated that Aviva has now declined to offer him cover for his van. And I can understand his concern about being unknowingly uninsured.

Mr K said his van didn't have any after-market modifications. Aviva accepted this, but it said that if it had known about the body kit on the van then it wouldn't have offered cover. It said the body kit was a modification to the original vehicle specification. Aviva said this made the van an unacceptable risk.

It's not for me to tell Aviva what risks it should cover, as this is its commercial decision. And Aviva has shown us evidence from its underwriting guide showing that body kits would lead to a decline for cover. So I'm satisfied that Aviva didn't treat Mr K any differently to other customers when it said it wouldn't continue cover for his van.

Aviva accepted that it should have asked more questions about the body kit when it spoke with the named driver when the policy was taken out. This would have meant that cover would never have been offered for the van. So it was Aviva's mistake that led to cover being offered. When a business makes a mistake, as Aviva accepts it has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

Aviva covered Mr K's van up to the point of cancellation and it dealt with his claim. It also refunded his premium for the van. And it told Mr K that he need not disclose the cancellation to future insurers as this was due to its error. The cancellation wasn't recorded on any external databases. Aviva also provided a new policy for the second vehicle, matching the price Mr K had previously paid for it with his multi-car discount. So I think this reasonably restored Mr K's position.

Aviva also accepts that it didn't sufficiently inform Mr K about the cancellation. Aviva has provided copies of two letters it said were sent to Mr K asking him to contact it about the van's modifications and then warning him the policy would cancel. Aviva has told us these were emailed but, in contradiction, that they were posted to Mr K. I can see that they were correctly addressed, and Aviva had Mr K's correct email address. But Mr K didn't receive them, whether they were emailed or posted. And I can't see a reason for this.

Aviva then cancelled the policies when it hadn't received a response from Mr K, and it sent confirmation of the cancellation by letter. This letter was dated a week before the cancellation, but Mr K said he didn't receive it until ten days after the policies had cancelled. I haven't seen an explanation for this.

We believe that insurers should take reasonable steps to ensure that policy holders are told that their policy has been cancelled as this will have serious consequences for them and expose them to possible court action. And I think Aviva has accepted that it could have sent the notification by another method as well as by letter to ensure that Mr K received it in time.

Aviva also accepted that it had unfairly cancelled the policy for the other vehicle when it had no evidence to show that it had been modified. I can understand that the cancellation came after it hadn't received any responses to its requests for contact from Mr K. But, again, I think it should have used more than one communication method to ensure that Mr K was made aware of the potential cancellation.

Aviva has offered Mr K £300 compensation for the trouble and upset caused by its errors. But Mr K has expressed his concerns about what could have happened whilst he was unknowingly uninsured. Fortunately nothing untoward happened during this time. And we can't consider potential losses, just actual ones. So, whilst I can understand his worry, I can't reasonably ask Aviva to consider this potential loss.

I'm satisfied that £300 compensation is in keeping with our published guidance for the impact of Aviva's errors. So I don't require it to increase this. I can't see whether or not Mr K has accepted Aviva's offer. So, if he wishes to accept it, then he should respond to Aviva directly.

My final decision

For the reasons given above, 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 K to accept or reject my decision before 1 July 2024.

Phillip Berechree
Ombudsman