

## **The complaint**

Mr M complains that Advantage Insurance Company Limited cancelled his telematics policy without giving him proper notice.

My references to Advantage include the intermediary who acts as Advantage's agent in the administration of the policy.

## **What happened**

Advantage cancelled Mr M's telematics car insurance policy because it wasn't receiving driving data about his car and he hadn't responded to its messages about this. It refunded him the premium it said was due to him for the remaining policy year.

Mr M said he hadn't been using the insured car because he had access to another car. He hadn't seen Advantage's emails asking for driving data and warning him that it would cancel his policy unless he contacted it because they had gone into his junk mail folder.

Mr M complained that Advantage didn't attempt to contact him by another means, such as by text message, telephone or by letter. Advantage said it had used Mr M's preferred contact method, which was email.

Unhappy with Advantage's response, Mr M came to us. He was concerned that he would have to declare to another insurer that a policy had been cancelled, making it difficult and expensive to insure elsewhere. He didn't think it was enough for Advantage to contact him only by email given the serious consequences of it cancelling his policy.

Our Investigator upheld the complaint. He said it would have been reasonable and good industry practice for Advantage to have contacted Mr M by more than one communication method. Advantage had sent Mr M a letter by post but this was after the cancellation and so it was too late. Our Investigator said Advantage should reinstate Mr M's policy.

Advantage didn't agree it had acted unreasonably. It said the regulator didn't require it to contact Mr M by more than one means of communication. But in any event it had sent PDF versions of the emailed documents to Mr M's online portal.

Mr M said he had not picked up the documents from the online portal.

I made an initial review of the complaint. At my request our Investigator asked Advantage whether Mr M had accessed his online portal in the period from when Advantage had asked him for his driving data to when it had cancelled his policy.

Advantage said Mr M had not accessed his online account. It said it had emailed Mr M to say he had important messages waiting for him in his online portal and had correctly uploaded those documents to his online portal. Advantage said that it could not be held responsible for Mr M not checking his emails regularly. Mr M knew he was required to provide driving data as a condition of the policy and had not done so.

Our Investigator explained to Mr M that it was likely I would not require Advantage to

reinstate his policy if I upheld his complaint. This was because the policy year had already expired and Mr M had received a partial refund of his premium. I asked whether Mr M had insured his car with another insurer and he said he had not.

I issued a provisional decision explaining that I had reached broadly similar conclusions to our Investigator but I thought a different outcome was fair. I said:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*Advantage said it stopped receiving driving data on 24 February 2023. Mr M does not dispute this, and says it was because he had access to another car. I see that Advantage's email message to Mr M of 27 March 2023 said that it wasn't a problem if he wasn't driving much, but that he did need to let it know.*

*As it hadn't heard from him, Advantage emailed Mr M again on 11 April 2023. It said that his premium was based on his agreement to share his driving style with it. So it would cancel his policy on 25 April 2023 if he didn't fix the problem or get in touch with it. Mr M did not contact Advantage so it then emailed him on 25 April 2023 to say that it had cancelled his policy. It also sent Mr M a letter to his postal address to confirm this.*

*On the strict policy terms, I think Advantage was entitled to cancel Mr M's policy. It had not received sufficient driving data and had given him more than the required seven days' notice of cancellation to his correct email address. This information was set out reasonably clearly in the policy terms.*

*But I also need to consider whether it was fair and reasonable in all the circumstances for Advantage to cancel Mr M's policy.*

*In deciding what is, in my opinion, fair and reasonable in all the circumstances of the case, I am required under our rules to take into account relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate what I consider to have been good industry practice at the relevant time.*

*Advantage has referred me to its regulator the Financial Conduct Authority's (FCA) rules, guidance and standards as set out in the FCA's Insurance Conduct of Business Sourcebook (ICOBS). Advantage says that under ICOBS it does not have to use more than one means of communication. So, it says that it has complied with ICOBS in sending its notice of cancellation to Mr M by email, which is his preferred communication method.*

*I have taken ICOBS into account in reaching my decision. I can see that Advantage did email Mr M at his correct email address warning him about the policy cancellation. It was not Advantage's fault that Mr M did not read that email until after the policy had been cancelled.*

*But I agree with the Investigator that it was good industry practice for Advantage to have contacted Mr M using more than one method of communication before cancelling his policy. There are severe implications for driving without insurance. An uninsured driver would effectively be breaking the law. So we would expect insurers to take extra steps and we think using two forms of communication to be good industry practice in case one of the methods don't work – as happened in this case.*

*Advantage has now said that it uploaded PDF versions of the email communications to Mr M's online account. Mr M said he did not pick up those messages on his online account and Advantage accepts this was the case. So it would have been aware that he had not seen these messages. I don't consider the online messages to be a second form of*

communication.

*Advantage says that Mr M should have been aware that he had not been uploading sufficient driving data. But this does not change my decision that Advantage did not do enough to warn Mr M that it might cancel his policy if he did not get in touch.*

*I think it is likely, on balance, that Mr M would have contacted Advantage before the policy had been cancelled had he received notice by another method of communication such as postal letter or text message. I say this because he did get in touch immediately when he saw the 25 April 2023 email message saying his policy had been cancelled. To be clear, he explained Advantage's earlier messages had gone into his junk mail box; it wasn't that he hadn't 'checked' his emails as Advantage has recently said.*

*Advantage has said that it wasn't a problem that Mr M wasn't driving the insured car, as long as he got in touch. As such, I think it would have continued to insure him. So I have considered what would be a fair outcome.*

*Our Investigator recommended that Advantage reinstate Mr M's policy, but that's not now possible given that the original policy term has expired. Also, Advantage refunded the remaining policy premium to Mr M.*

*So I currently think the fair outcome is for Advantage to remove any information it has registered on any internal or external database to say that it has cancelled Mr M's policy. This will mean that Mr M will not have to declare that he's had a policy cancelled when applying for a new policy.*

*I think the overall situation has caused Mr M some real frustration and inconvenience, which could have been avoided had Advantage contacted him by a second form of communication before it cancelled his policy. He has not yet insured his car having told us that the amounts he had been quoted had been significantly higher following Advantage's cancellation of his policy. I think Advantage should fairly pay him some compensation for his distress and inconvenience and I assess £200 to be a fair and reasonable amount."*

## **Responses to my provisional decision**

Advantage responded to say:

- It was pleased that I had agreed it had cancelled the policy correctly, due to a breach of terms.
- It had not recorded cancellation of the policy externally. It has recorded this only internally for the factual reason that it had cancelled the policy. The information had not been shared externally or added to any database and did not have any impact on Mr M. It can't be held responsible for any presumption that he would need to disclose the cancellation elsewhere.
- I had said that one of the methods of communication hadn't worked. This wasn't correct because the email had been delivered into junk mail.
- It considers the ICOBS regulations outweigh what I think it should have done and it does not agree it should have acted in line with what I deem to be best practice. Mr M had selected to be contacted by email only. He knew this would be how it would contact him and this is what it has adhered to.
- It does not consider that I should uphold this complaint or award compensation.

Mr M responded to say that he agreed with my recommendations. His priority was for the cancellation to be removed from his record as soon as possible so he could commence with quotations for insurance. He appreciated the £200 compensation but was keen this should not delay removal of the insurance cancellation record, not least as his other motor insurance policy is due for renewal.

### **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've carefully considered the comments I've received. Having done so, I uphold this complaint for the reasons given in my provisional decision and below.

I am pleased to note that Advantage has confirmed that it has not registered any information about the cancellation on any external database and that this means Mr M does not have to declare the cancellation when applying for insurance.

But I still consider that Mr M was impacted by the cancellation of the policy. After Advantage had cancelled his policy Mr M searched for a new policy to insure his car and had found that declaring the cancellation had caused the premiums to increase sharply. As such, he has not yet insured his car. I think he would reasonably have thought at that time he needed to tell the new insurer about the cancellation. So he was disadvantaged by the policy cancellation and I require Advantage to remove the record of the cancellation from all databases.

As required to do under our rules, I have taken into account ICOBS and what I consider to be good industry practice. I have considered again Advantage's arguments about these points. But I remain of the view that good industry practice means that Advantage should use a second method of communication when notifying Mr M that it was about to cancel his policy, because of the significant impact cancellation could have on him.

Advantage says that because the delivery of the email was successful and this was the communication method Mr M had requested it had done enough to inform him of the cancellation. This communication method did not work because Mr M did not see the email in his junk mail.

For the reasons I have already given, I remain of the view that Advantage should fairly have informed Mr M of the cancellation by a second method. Had he received notification by another method I am satisfied that he would have contacted Advantage and his policy would not have been cancelled.

The cancellation of the policy has caused Mr M distress and inconvenience because he has not taken out a new insurance policy due to the increased premiums following the cancellation of his insurance policy. I find that Advantage should compensate Mr M for the distress and inconvenience this has caused him and I consider £200 is fair and reasonable.

### **Putting things right**

I require Advantage Insurance Company Limited to:

- remove any information that it has registered on any database to say that it has cancelled Mr M's policy; and
- pay Mr M £200 compensation for his distress and inconvenience.

### **My final decision**

For the reasons I have given in my provisional decision and above, I uphold this complaint and, where it has not already done so, I require Advantage Insurance Company Limited to take the steps set out in the 'Putting things right' section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 8 May 2024.

Amanda Maycock  
**Ombudsman**