

## **The complaint**

Miss C complains Haven insurance Company Limited unfairly cancelled her motor insurance policy.

## **What happened**

Miss C took out motor insurance with Haven. As part of that insurance a telematics box (also known as a 'black box') was installed.

Around a month after the policy was taken out, Haven told Miss C it was cancelling the policy. It said the mileage driven in the first month was almost three times what Miss C declared she'd be driving. It said this was a risk and so it gave notice it would cancel the policy in seven days, in line with the terms of her policy.

Miss C complained to Haven, she said she hadn't exceeded her mileage allowance as this was 5,000, and she'd only driven 1,000 miles. She said her knowledge of insurance was low and she hadn't been given a chance to improve. She asked for her cancellation fee, and her premium paid, to be refunded. Haven didn't agree it had cancelled the policy unfairly. It said it hadn't charged a cancellation fee, that had been done by the broker and should be raised with it directly. Unhappy with this response, Miss C brought the complaint to this Service.

Our investigator initially thought Haven had acted fairly in declining the claim. But, having received more information from Miss C, the Investigator thought the complaint should be upheld. Miss C said she was told at the start of the policy that she had the option to purchase more miles, which she would have done if she thought her mileage would be over what she was allowed under the policy (which was 5,000 miles). She'd also said her driving in the first month was higher than it would usually have been due to some personal circumstances, which would have changed during the policy year meaning she'd be using the car much less.

Our Investigator was persuaded by Miss C's arguments and she didn't think Haven had given Miss C the opportunity to improve her driving. She said as Miss C had now given up her car, to recognise its mistake, Haven should pay Miss C £200 compensation for the distress and inconvenience its unfair decision caused her.

Miss C accepted the findings of our Investigator, but Haven didn't. It said when Miss C called - having received notice that the policy would be cancelled by Haven - she didn't advise it of any change to her circumstances, and she didn't purchase top up miles. It also said, having reviewed the telematics data, that Miss C's night-time driving had also exceeded the 10% of her declared monthly mileage, which was also against her policy terms.

It said it had ultimately acted in line with its T&C's when cancelling the policy. So it asked for an Ombudsman to review matters.

## **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.

As this is an informal service, I'm not going to respond to every point or piece of evidence Miss C and Haven have provided. Instead, I've focused on those I consider to be key to

determining the complaint. But I would like to assure them I have considered everything provided.

The policy terms say Haven will cancel the policy, giving seven days' notice, for various reasons. The policy also says '*should you exceed the mileage restriction, we reserve the right to cancel your policy*'. Haven issued a seven-day cancellation notice because it said Miss C significantly exceeded the mileage allowance on her policy.

It said she'd taken out insurance for 5,000 miles per year, so it had worked this out to be around 400 miles per month. It felt the mileage was so excessive (almost triple what the mileage should have been) that it warranted cancellation without warning. Haven's policy does allow it to cancel the insurance in these circumstances, but it must do so fairly and reasonably.

Haven has said that Miss C could have secured insurance with it for 12,000 miles per year. And its policy says that if a driver thinks they'll go over their allotted miles, more can be purchased at extra cost. Miss C says she wasn't too concerned about her mileage in the first month because, although high, that was for specific reasons. And she knew that if she needed more mileage later on in the year, that could be purchased. She also said her policy terms don't say she can only drive 400 miles per month, and that was never made clear that it was a monthly limit, she simply thought it was a yearly one.

Haven has said even if it knew Miss C would be driving over 1,000 miles per month it wouldn't have offered cover, because its maximum yearly mileage was 12,000, and so she'd have breached the 1,000 monthly mileage limit. I'm not satisfied this means Haven acted fairly and reasonably in cancelling the policy. Because I can't see that Haven made clear that there was a monthly limit.

This 'monthly limit' isn't mentioned in the insurance schedule. In the endorsements section of the schedule, it says Miss C has agreed a mileage for the policy term. And if the actual mileage goes over this level, the policyholder will be liable for an added premium. But it doesn't mention the policy can be cancelled for exceeding any mileage limit. And it mentions there being a limit over the period of insurance (i.e. the year), there is no mention of a specific monthly limit. And on the statement of fact, it refers only to 'estimated annual mileage'. It makes no mention of any limit, especially a monthly one, and it doesn't say there is a maximum mileage.

This monthly mileage restriction is briefly referred to in the policy terms. However nowhere in her policy terms does it say the limit is around 400 miles per month. So nowhere in any of the policy information is it clear Miss C had a monthly mileage limit of around 400 miles. Haven says Miss C was given this information on a phone call when taking out the policy. That may be the case, but that isn't supported by any of the policy documentation. I consider it onerous to apply a simple monthly limit on driving that doesn't take into account various personal circumstances that might happen in any given month.

So if Haven wanted to include what I consider an onerous monthly limit, then I'd expect this to be made clear in the documentation that this term applies. The more onerous a term is, the more this Service would consider Haven should have ensured it was brought to Miss C's attention. It cannot say because this was mentioned in an initial sales call that it met its obligations of highlighting more onerous terms to its customer.

Haven has confirmed Miss C could have had a policy for 12,000 miles. Miss C was 182 miles over the 1,000 mile monthly limit Haven refers to. And she'd only had the policy for one month, so it is very possible that her driving would have decreased in the following months, as she expected it to. So it cannot say Miss C would have exceeded the 12,000 miles. It cannot even say she'd have exceeded the 5,000 annual limit, based on just one month of driving.

Miss C had only had the policy for one month. She wasn't given a warning by Haven that her mileage was exceeding any limit she was allowed on the policy, so it never gave her a chance to lower her mileage. Miss C says she wasn't given an app or dashboard to check on her telematics data, so she hadn't realised how much mileage she'd done. So having considered everything, I'm not satisfied Haven has reasonably followed its own terms, or fairly cancelled this policy. So I think its cancellation, based on the reasons it gave, was unfair.

After Miss C referred the complaint to this Service, Haven said Miss C's driving also indicated she was doing more night-time driving than was allowed under the policy. The policy defines night-time driving as between the hours of 11pm-5am. I've considered it's point but I don't consider it can fairly rely on this to cancel the policy. Haven didn't give this as a reason to Miss C when the policy was cancelled, and it hasn't evidenced to this Service that Miss C's night-time driving did exceed any policy limits for night-time driving. It has provided the raw data from the telematics box, but it hasn't shown any calculations for its claim that her night-time driving was greater than 10%. And I don't consider it my role to work this out for Haven.

Haven says when Miss C called, following the cancellation notice, she never gave the explanation she'd given this Service about why her driving was higher in that first month, nor did she ask to purchase top up miles. I don't think either of those things are unreasonable; nowhere in the cancellation notice did Haven say it would consider keeping the policy going if she could explain her driving or purchase more miles. If it wanted to understand the reasons for her driving, it should have asked her, rather than sending her a cancellation notice.

As Haven has unfairly cancelled Miss C's insurance, it needs to take action to put things right. Miss C says she couldn't afford insurance elsewhere, with the cancellation on her record, and so gave up her car. Miss C was charged a cancellation fee by the broker, but I understand the broker has refunded that to her already. So to put things right Haven must remove any reference to this policy being cancelled – by it – from any internal and external databases. It should also write Miss C a letter explaining that it has done this, so that she doesn't need to declare having this insurance policy cancelled by an insurer when taking out any future insurance.

I've no doubt that having the policy cancelled unfairly would have caused Miss C unnecessary distress and inconvenience, she's had to give up her car meaning she no longer could rely on it for transport. To recognise the impact this has had, Haven should pay £200 compensation.

### **My final decision**

My final decision is that I uphold this complaint. I direct Haven insurance Company Limited to:

- Remove any record of a cancellation of this policy – by it – from any internal or external databases
- Write Miss C a letter to confirm it has done this, and that Miss C doesn't have to declare this policy as being cancelled by an insurer when taking out future insurance.
- Pay Miss C £200 compensation for the unnecessary distress and inconvenience caused.

Haven Insurance Company Limited must pay the compensation within 28 days of the date on which we tell it Miss C accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept

or reject my decision before 22 May 2024.

Michelle Henderson  
**Ombudsman**