

The complaint

Miss D complains about First Central Underwriting Limited (First Central) who cancelled her policy and charged her a cancellation fee and outstanding premiums, under her motor insurance policy.

Any reference to First Central includes its agents.

What happened

Miss D held a motor insurance policy with First Central. As a condition of the policy, she had to download an app and have a sensor fitted in her car. The sensor and app had to stay connected, whilst she or any named driver was driving.

First Central cancelled Miss D's policy on 28 July 2023. It said there were several occasions, when Miss D's phone was either on low power mode or with the Bluetooth switched off, which meant the sensor and app weren't connected. First Central charged Miss D a cancellation fee of £50, as well as an outstanding balance on her premiums of £564.30, in accordance with the policy terms and conditions.

Miss D said the sensor wasn't working correctly – at one point it said she'd been in an accident, when she hadn't. She felt First Central was unreasonable cancelling the policy based on the low battery of her phone. And she said it was unfair for it to charge her a cancellation fee and the outstanding balance on her premiums, given the policy cancellation. So, she raised a complaint with First Central.

In its final response, First Central outlined the occasions in which the sensor and app were not connected. It pointed out the occasions when it warned Miss D about this, and it might lead to the policy being cancelled. It highlighted the policy terms which meant the sensor and app had to stay connected. It said the decision to cancel was correct.

Miss D remained unhappy, and referred her complaint to this service, for an independent review.

An Investigator considered the complaint and didn't think it should be upheld. Whilst she sympathised with Miss D's personal vulnerabilities, she felt First Central had provided sufficient evidence to show, on several occasions the app and sensor weren't connected. She said the policy terms stated the app and sensor should be connected when driving. Her view was First Central hadn't been unfair or unreasonable to cancel the policy and to request payment of the premiums and the cancellation fee.

First Central accepted the view, Miss D did not. She reiterated her complaint points and explained the impact this had on her.

As the matter couldn't be resolved, it has been passed to me for a 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.

Having done so, I don't uphold this complaint, for much the same reasons as the Investigator. I understand this will likely be a disappointment to Miss D, but I hope my findings go some way in explaining why I've reached this decision.

Firstly, I acknowledge Miss D has strong views about what happened, and I emphasize with the personal vulnerabilities she has mentioned. In a matter like this, we decide whether the insurer has acted in accordance with the terms and conditions of the policy, which set out the agreement between the parties considering all available evidence.

I've reviewed the policy terms and conditions and I think it clearly indicates all named drivers to a policy must stay connected to both the sensor and the app whilst driving. The terms also outline, if the named driver fails to use the app and sensor, the policy would be cancelled.

First Central provided evidence, it first warned Miss D in March 2023, the app wasn't connected. It explained to Miss D the app needed to be connected before driving. A few weeks later, it contacted Miss D again with a further warning. It explained Miss D's phone wasn't always connected. It had to have Bluetooth and location services enabled, and the battery had to be over 20% charged and not be on the power saving mode.

In June 2023, First Central contacted Miss D again and warned her of the lack of use of the app whilst she and the named driver were driving. Miss D said she believed the sensor wasn't correctly recording information and asked for it to be removed. But First Central sent her a cancellation notice in July 2023, due to the lack of Miss D using the sensor and app correctly.

I've had a look at the data which First Central provided and relied upon to cancel the policy. I can see there were several occasions between March and June when the app and sensor were not connected. As the policy required this to be done, I can't agree First Central was unfair to warn Miss D about the lack of use. Moreover, I think it was reasonable, on each occasion it warned Miss D, First Central explained fully the consequences of not complying with the policy terms.

I think First Central gave Miss D the opportunity to ensure the sensor and app were connected and I can't see she did this. I understand Miss D said the sensor wasn't working correctly, but I'm not satisfied she has provided any persuasive evidence to support this point.

On balance, I'm satisfied the data provided evidence to support there were occasions when Miss D's phone had Bluetooth disabled, the sensor and app weren't connected, and these didn't comply with the policy terms. So, I can't reasonably find First Central was unfair to cancel Miss D's policy.

I've next considered whether First Central were fair to charge a cancellation fee. The policy terms allow First Central to charge £50, where the policy is cancelled after the initial 14-day period. As the time frame had been exceeded, I can't agree First Central was unfair to charge this fee.

Turning to the premium payments. Miss D said it was unfair she should have to pay for this as the policy was cancelled. First Central explained, as Miss D was involved in a fault

accident on 23 February 2023, and in accordance with the policy terms she was correctly charged for the outstanding premiums:

'If any of the following apply, you may not receive any refund and you may still have to pay the balance of the full yearly premium. This applies in all circumstances no matter what payment method you use. • You have made a claim in the policy year or a claim has been made against your policy. • You have been involved in an incident which might give rise to a claim under the policy.'

Also, First Central provided a breakdown of the costs to show what Miss D owed. Miss D had been paying the premium on a monthly basis. The cost of the policy was £1,162.23. Miss D had paid a total of £597.93, so the balance outstanding because of the claim, was £564.30. Which is the amount it requested Miss D to pay. So, I think, First Central was fair to charge Miss D the outstanding premium payments, as well. And I don't agree, Miss D shouldn't pay it.

In summary, having considered the complaints Miss D has raised against First Central, I don't agree it acted unreasonably or unfairly in cancelling Miss D's policy. I understand this will be a disappointment to her, but I won't be asking First Central to do anything further to resolve this complaint.

My final decision

For the reasons given, I don't uphold Miss D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 22 May 2024.

Ayisha Savage
Ombudsman