

The complaint

Mr and Mrs K have complained that Advantage Insurance Company Limited unreasonably cancelled their motor policy following an accident. They've also complained they weren't given enough notice their policy was being cancelled.

As we have mainly been in correspondence with Mrs K I shall just refer to her for ease of reference.

What happened

Mrs K was involved in an accident, and she made a claim to Advantage. During the course of investigating the accident, Advantage discovered that Mrs K also used the car for making deliveries for an online merchant. It appears the online merchant also provided insurance for this activity.

However, when Mrs K bought this policy, she didn't add business use to the policy. On this basis, Advantage then cancelled the policy, which Mrs K thinks is unfair. When Mrs K brought her complaint to us, Advantage said that it had wrongly not considered her claim arising out of the accident, as that didn't occur when she was doing any deliveries. It said by way of a pro-active settlement offer that it could assess that claim in accordance with the remaining terms and conditions. It also said it would pay her £250 compensation for not explaining this.

The investigator thought this was fair and he didn't think Advantage was wrong to cancel the policy. Mrs K disagreed so the investigator then formally investigated her complaint. He thought it was sufficient that Advantage would reconsider her claim under the remaining policy terms and pay her £250 compensation. Mrs K didn't agree so her complaint has been passed to me to decide.

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 consider Advantage's offer is fair also. I'll now explain why.

First, I do appreciate and understand that Mrs K will be very disappointed with my decision. However, my role is to decide if Advantage didn't act fairly bearing in mind the terms and conditions of the policy. I consider Advantage has acted reasonably bearing in mind its subsequent offer to Mrs K.

Secondly, it's important to note the Financial Ombudsman Service is independent of both consumers and the businesses they are complaining about. This means that we don't act for consumers or businesses, nor do we take instructions either from consumers or businesses, nor allow either party to direct the course of our investigations; were we to do so, it would

compromise our independence and impartiality. It's also up to us to determine what evidence we need in order to investigate a complaint.

Thirdly, we are a dispute resolution service only. We therefore can't advise consumers what to do or how to deal with a business' offer other than if we think it's fair or not. It remains the consumer's decision to accept the business' offer or whatever else we might think is fair. Neither are we a type of liaison service between the consumer and the business as Mrs K has thought. All relevant contact information for Advantage is already on Mrs K's policy documentation so we wouldn't be permitted to give out names of operatives or personnel in the manner Mrs K has asked us. This also means we can't provide any assistance in any future claims' procedures either.

Lastly, we can only consider the complaint the consumer has first brought to the business' attention and to which the business has responded. If other issues arise, then our rules require that the business must deal with them first and if the consumer still remains dissatisfied, then they can bring that part of the complaint back to us. Consequently, Mrs K's issues with how the pro rata refund of her premiums was calculated came later in the process. As Advantage hasn't had the chance to consider this fully nor provide any information to either her or us, I won't consider this issue as the final response letter merely considered the cancellation of the policy.

Insurance law requires that consumers like Mrs K can only use her car for the usage which is specifically insured by the policy. In Mrs K's case she didn't have business use attached to this car. On her policy documentation using this car was only permitted for '*social, domestic, pleasure and commuting*'. On that basis alone, as Mrs K has clearly admitted she did some delivery driving for this online merchant, Advantage was perfectly entitled to cancel her policy. More so given it appears this online merchant also provided some insurance for Mrs K to use her car for deliveries which would complicate matters in the event of any claim which did involve delivering merchandise. If Mrs K remains having a problem with this, I would suggest she takes it up with the online delivery company. This is because insurance law requires Mrs K to read her policy documents and to ensure they are correct for her purposes. No motor policy requires the insurer to explain the policy individually to the consumer. This is because under the regulations all insurers are required to do is to lay out the policy terms and conditions clearly. In regulation terms consequently it's not classed as 'an advised sale'. So, if Mrs K was unsure about matters when taking up the delivery job using her own car, then she should have enquired with Advantage first.

So, there was nothing wrong with Advantage cancelling her policy in this way. There did appear to be confusion in confirming when the policy would be cancelled, and I consider Advantage should have been clearer with this. Its written communication with Mrs K was clear however in that it wrote to her on 16 October 2023 stating clearly her policy would be cancelled from 23 October 2023. This is standard across the motor insurance industry to give notice of a week in these sorts of circumstances, so I don't consider this was wrong or unusual or unfair to Mrs K specifically. What was wrong was that when Mrs K called up to check, the Advantage operative wrongly intimated the policy was cancelled from 16 October. Sadly, that was when the decision was made, and the required notice period was given to Mrs K, so not when the policy was actually cancelled.

Despite this I'm not persuaded this caused Mrs K the trouble and upset she has claimed, as her decisions in taking out her new policy with issues like no voluntary excess would indeed help to make her new policy more expensive in addition to the fact, she now had to disclose her previous policy was cancelled. And as I don't consider Advantage did anything wrong in cancelling her policy and it obviously wasn't involved in making this new insurance application, I don't consider Advantage caused the detriment that Mrs K has claimed. And since Mrs K now has a new policy, there is nothing more to discuss concerning this.

I also consider that it's right Advantage has offered to consider Mrs K's claim in accordance with the remaining terms and conditions of the policy. This means it will now consider if it can indemnify Mrs K and pay the costs of the repair of her car. Which Mrs K has identified as one of the challenges she faces, so this is potentially to her benefit. Also had Advantage not made this offer I would have required it to do so. Obviously also I can't guide the outcome of that consideration as that's solely in the hands of Advantage. But it is right and proper that it does this, but Mrs K has to confirm it can do so, too.

Advantage also offered Mrs K £250 compensation. This is for its delay in providing the offer to consider her claim under the remaining terms and conditions of the policy, not for anything else. Our approach to compensation is fully detailed on our website and most businesses tend to try and follow this approach. Compensation can be awarded if the business failed to do something it ought to have done. So, as I consider Advantage didn't do anything wrong in cancelling the policy or that its mistake in clarifying the date of cancellation caused Mrs K detriment, therefore this £250 compensation remains to be for Advantage's delay only in confirming it was willing to consider her claim under the remaining terms and conditions of the policy.

In law, we have no powers to fine or punish businesses when they make mistakes either. Instead, if we agree they have made a mistake we seek to try and put the customer back in the position they would have been in had the mistake not happened and ensure compensation is provided for the trouble and upset experienced. The mistake I consider Advantage made here, was not looking at Mrs K's claim to see if it could be covered under the remaining terms and conditions of the policy.

Given our stance on compensation, I consequently consider this amount of £250 to be reasonable and fair. It's also in line with what I might have awarded had Advantage not done so.

Therefore, it's now for Mrs K to decide if she wants to accept Advantage's proposals.

My final decision

So, for these reasons and on the basis Mrs K initially refused Advantage's pro-active settlement offer which meant we investigated her complaint, it's my final decision that I uphold this complaint.

I now require Advantage Insurance Company Limited to do the following:

- Consider and assess Mrs K's claim for the damage to her car under the remaining terms and conditions of the policy.
- Pay Mrs K the sum of £250 compensation for the delay in deciding to reconsider her claim as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K and Ms K to accept or reject my decision before 28 June 2024.

Rona Doyle
Ombudsman