

## **The complaint**

Mr H complains Haven Insurance Company Limited (“Haven”) unfairly cancelled his motor insurance policy.

Any reference to Haven includes the actions of its agents.

## **What happened**

The circumstances of this complaint are well known to both parties, so I’ve summarised events.

- Mr H had a telematics motor insurance policy which was underwritten by Haven. The telematics device fitted to his car transmitted vehicle usage data to Haven.
- Haven wrote to Mr H saying the data showed he’d been speeding – and that the final time this had occurred, he’d been driving at 47mph on a 30mph road. So, it said it would – in line with the policy terms – cancel his policy.
- Mr H said he hadn’t been speeding and that the road in question had a 60mph speed limit - not 30mph, as Haven had said. He provided evidence to support his position, but Haven didn’t change its mind.
- Mr H said because the policy was going to be cancelled, he had to take out another motor insurance policy with another provider at short notice and at a greater expense. He doesn’t think he should bear this cost as he considers Haven to have based its decision to cancel the policy on incorrect information.
- Mr H brought a complaint to this Service. An Investigator considered it and upheld it. She said Mr H had provided persuasive evidence to show the road had a 60mph speed limit – meaning he wasn’t speeding, and Haven shouldn’t have cancelled his policy on this basis. She said Mr H had incurred a greater expense as a result of Haven’s incorrect decision – and so, it should pay the difference in price between the Haven policy and Mr H’s new insurance provider’s (“M”) policy.
- She said Mr H had suffered distress and inconvenience as a result of Haven’s actions, and so, it should pay him £200 compensation to recognise this. She added the cancellation fee should be refunded.
- Haven accepted its decision to cancel the policy was incorrect. But said it didn’t consider it fair for it to have to pay the difference in cost between the two policies. It suggested reinstating Mr H’s policy with Haven.
- The Investigator considered Haven’s response, but it didn’t change her mind. Because Haven didn’t agree, the complaint has been passed to me for an Ombudsman’s 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 agree with the outcome our Investigator reached. I note Haven has now accepted its decision to cancel Mr H's policy was based on incorrect information. For the avoidance of doubt, I find the evidence provided by Mr H - to show he wasn't driving above the speed limit - to be compelling. I say this because he'd provided Haven with information from the relevant Highway authority who confirmed the speed limit of the road was 60mph and not 30mph. So, whilst the policy terms may allow Haven to cancel a policy "*if extreme driving is observed, or speeding*" – it wasn't fair for it to apply it here, because Mr H had shown he wasn't speeding.

So, I need to consider the impact of Haven's unfair decision on Mr H – both financially and in terms of the distress and inconvenience he experienced.

Mr H cancelled the policy having been told by Haven it was going to do this. So, Mr H had no choice but to find cover with another provider. He's provided evidence which shows he obtained quotes from various insurers. I note these quotes are within a similar price range to the one he took out with M. And I haven't seen anything to show Mr H added something to his policy with M which meant he'd inflated the cost. So, I think he took reasonable steps to minimise the financial implications of M cancelling his policy.

I appreciate Haven's comment that all insurance policies are different and that insurers rate risks differently, leading to a variation in the cost of premiums. That might be the case, but that doesn't excuse the fact Mr H wouldn't have been in the position he was put in were it not for Haven's mistake.

Haven has suggested reinstating the policy but given the circumstances I don't consider this to be a satisfactory resolution. Mr H has understandably lost confidence in Haven and in any event, now has cover with another provider. I don't think it fair or reasonable to expect him to undertake further administrative action.

Nor do I consider the argument from Haven that the financial detriment to Mr H might not be as great if – upon removal of cancellation markers – M refunds Mr H some of the premium. First, M may not do this, and any refund of premiums may not reduce the cost of the policy with M sufficiently to mean he doesn't remain out of pocket. So, despite all these arguments, I still consider it fair and reasonable for Haven to pay the difference in price between the two policies.

Understandably, this situation has been stressful for Mr H – he's explained that having to find the extra money to pay for the policy with M has caused him financial difficulties. This, coupled with Haven seemingly ignoring persuasive evidence, meant the matter has gone on for longer than was necessary – and in turn has meant Mr H has been caused avoidable distress and inconvenience. So, I'm satisfied £200 compensation is fair and reasonable in the particular circumstances.

It's not clear if Mr H was charged a cancellation fee when he cancelled the policy. If he was, this should be refunded as I'm satisfied, he only cancelled the policy because Haven said it was going to cancel it.

Similarly, any cancellation markers – if applied – must be removed from relevant databases so the cancellation of this policy doesn't impact Mr H taking out future insurance policies. And Haven must write a letter to Mr H explaining that he doesn't need to declare this policy

as being cancelled by Haven when taking out future insurance.

### **My final decision**

My final decision is I uphold this complaint and direct Haven Insurance Company Limited to:

- Pay Mr H the difference in price between his Haven policy and the insurance policy with M. Haven must pay simple interest at 8% a year from the dates each instalment of the premium was paid until the date it is refunded.
- Pay £200 compensation for the distress and inconvenience caused to Mr H. Haven must pay the compensation within 28 days of the date on which we tell it Mr H 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.
- If it exists, remove any record of the cancellation by Haven from relevant internal and external databases.
- Write a letter to Mr H confirming it has done this and that Mr H doesn't have to declare this policy as being cancelled by Haven when taking out future insurance.
- If Mr H was charged a cancellation fee, this should be refunded to him, plus simple interest at 8% a year from the date he paid the fee to the date it is refunded.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 23 May 2024.

Nicola Beakhust  
**Ombudsman**