

The complaint

Mr J1, represented by Mr J2, complains about First Central Underwriting Limited cancelling his car insurance policy.

For clarity, although First Central Underwriting Limited operated under the registered company name of Skyfire Insurance Company Limited at the time of the events complained about, I'll refer to it as "First Central" throughout this decision

What happened

In January 2024 Mr J1 took out a car insurance policy underwritten by First Central. Mr J2 was included on the policy as a named driver. The policy was a telematics policy, meaning one of the policy conditions was for a sensor to be fitted to the car linked to a smartphone app designed to record various aspects of the cars use.

In February 2024 First Central wrote to Mr J1 to say it had cancelled his policy and that there would be an outstanding balance of £3,750.42 he'd be required to pay.

First Central said it didn't cancel the policy unfairly, and that the outstanding payable balance was because there was an open fault claim on the policy. It said it was a requirement under the policy terms for Mr J1 and Mr J2 to register separate accounts on its telematics smartphone app, but Mr J2 hadn't done this and had instead been logging in to Mr J1's account. First Central considered it had provided Mr J1 reasonable notice and instructions to put this right before it decided to cancel the policy.

Mr J2 accepted he'd been logging in to Mr J1's account on the smartphone app, but said he didn't know he needed to register his own account as he had never been clearly made aware of this.

Our investigator said First Central had emailed Mr J1 twice and had spoken with Mr J2 on the phone to explain what he needed to do. So she didn't think it was unfair for First Central to cancel the policy.

Because Mr J2 didn't accept the investigator's opinion, the complaint has been referred to me to provide a final 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've decided not to uphold the complaint. I understand Mr J1 will be disappointed by this, but I'll explain why I have made this decision.

I've firstly considered if the terms and conditions of the policy allowed First Central to cancel it under the circumstances here. The terms say:

“You must install the Sensor. Once the Sensor is installed you must download the 1st Central Connect App from the app store or Google Play and create an account that you will then need to pair with the Sensor. Any named drivers on your policy will also need to do this. If you and any named drivers have not completed this within 14 days of the start date of the policy, your insurer will have the right to cancel your policy.”

I’m satisfied the above terms allow First Central to cancel a policy where a named driver hasn’t complied with the app requirements. I don’t find this to be unreasonable, because the policy requires telematics data for each individual driver, which is only possible to separate when each driver is using their own account on the smartphone app.

I’ve considered if the terms are clear enough that a named driver is required to create their own account on the app, rather than simply logging in to the main policy holder’s account as Mr J2 has done. I think overall the above term is clear enough – it says that the policyholder needs to download the app and create an account and goes on to say any named drivers need to do the same. I think this can reasonably be understood to mean a named driver needs to create their own account on the app, rather than use the same account as the policy holder.

I’ve next considered if First Central provided reasonable notice to Mr J1 before cancelling the policy. Given the significant impact cancelling a car insurance policy can have on a customer, we generally say that aside from providing notice in advance of cancelling a policy, an insurer should use the customers preferred method of communication and should use two means of communication in line with good industry practice.

First Central has provided evidence showing three emails it sent to Mr J1 before it cancelled the policy. These were dated 28 January 2024, 2 February 2024 and 5 February 2024. First Central has also evidenced that it sent Mr J1 text messages at the same time as these emails to inform him it had sent important emails.

Although I acknowledge Mr J2’s comments these emails were not received, unless that was caused by something within First Central’s control – such as not actually sending the emails, or not sending them to the correct email address, I can’t reasonably hold First Central responsible if the emails weren’t received as this may have been caused by factors outside of First Central’s control such as emails being delivered into a junk folder. I’m satisfied the evidence here shows First Central sent the emails, and I haven’t seen anything suggesting First Central were at fault for them not being delivered.

I’m also not persuaded all three emails weren’t received. I say this because First Central has provided a recording of a phone call between itself, Mr J1 and Mr J2 which took place on 7 February 2024 according to notes which First Central has provided.

Having listened to this recording, I note at the start of the call Mr J1 says he had received an email the day before saying his policy would be cancelled. I think this shows Mr J1 had received and seen at least one of the emails First Central had sent. First Central has also provided evidence to show which emails had been opened. According to this, the email it sent on 5 February 2024 had been opened. So based on this, and Mr J1’s comment on the phone call, I think it’s likely he was referring to this email.

I find the evidence shows First Central had provided reasonable notice to Mr J1 of its intention to cancel the policy.

I’ve also considered if First Central made it clear enough what was required to avoid the policy being cancelled. I’ve considered here the emails sent and phone call before the cancellation.

The email of 2 February 2024 said that the policy was at risk of cancellation and provided instructions on what Mr J2 would need to do to register his own details on the app. The email of 5 February 2024 said the registration still hadn't been completed and the policy would be cancelled with effect from 12 February 2024 if this wasn't done by that date.

Mr J2 said he didn't think it was made clear what he needed to do on the phone call he had with First Central. I've considered if First Central were clear enough during this call, and I find that it was.

During the call, Mr J2 said that he had now downloaded the app on his own phone and asked if that meant the problem was sorted. First Central said Mr J2 had registered under Mr J1's details so there were two people under the same log-in. First Central then explained that Mr J2 would need to uninstall the app, reinstall it, and then put his own phone number in which would put him under a different account. Mr J2 said that he would do this, and First Central invited him to call back after he had if he wanted to check if it was ok.

I find based on this evidence that First Central provided reasonable clarity both verbally and in writing on why it was considering cancelling the policy, and what steps were required to avoid it. Because there's no evidence to suggest those steps were taken before First Central cancelled the policy, I don't find it acted unfairly by cancelling it.

I appreciate the outcome I've reached here isn't what Mr J1 was hoping for, and I recognise the high impact of having a car insurance policy cancelled – not least of all given the large outstanding balance caused by a claim arising while the policy was in place. But because I don't find First Central acted unfairly in cancelling the policy, or in how it communicated the potential cancellation, it follows I do not uphold the complaint.

My final decision

For the reasons I have given, it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J1 to accept or reject my decision before 13 November 2024.

Daniel Tinkler
Ombudsman