

The complaint

Mr A complains Mulsanne Insurance Company Limited (“Mulsanne”) wouldn’t provide him with a refund of his car insurance on a car he no longer owned.

What happened

Mr A had a car insurance policy with Mulsanne.

He returned the car on 17 January 2023. He said he called Mulsanne to tell it he’d done this.

When Mulsanne tried to renew his policy in about October 2023, Mr A realised his policy was still active. He asked for a refund.

Mulsanne said they didn’t have any record of a request from Mr A to cancel the policy. It wouldn’t backdate the cancellation.

Mr A remained unhappy and brought his complaint to this service. He asks that his premium is refunded from the date he returned the car.

Our investigator looked into his complaint and thought it would be upheld. Mr A showed he didn’t have the car, so he thought Mulsanne should backdate the cancellation to when Mr A returned his car, and provide a refund.

Mulsanne didn’t accept the view. It said that it had borne the risk of the car being involved in an incident after Mr A had returned it, so it thought it should keep the premium.

Because it didn’t agree, this complaint has been passed to me to make 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.

I’m upholding Mr A’s complaint and I’ll explain why.

There’s a clear requirement in the policy wording for Mr A to tell Mulsanne that he’s sold the car. Mr A has told this service he called Mulsanne to do this. Mulsanne denies he could have done this as he’d bought the policy through an online-only channel which didn’t take calls about customer service matters.

It’s important I remind Mr A it’s his clear responsibility to ensure he’s updated his insurer with his change of circumstance.

Mulsanne has said it wouldn’t refund Mr A due to the fact that it had carried the risk of the car being involved in an incident from 17 January 2023 until he asked for the policy to be cancelled.

But I can’t see that any claims have been made or liability attached to the policy in that time.

So, because there doesn't seem to have been a risk to Mulsanne in this period, I can't say it's fair that it keeps the premium.

Mulsanne should refund the unused portion of Mr A's policy in line with the terms and conditions from the date he returned the car.

My final decision

For the reasons set out above, it's my final decision that I uphold this complaint. I direct Mulsanne Insurance Company Limited to cancel Mr A's policy from the date he returned the car, and provide a refund in accordance with its policy wording.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 12 July 2024.

Richard Sowden
Ombudsman