

## **The complaint**

Mrs S is unhappy that Ageas Insurance Limited (Ageas) cancelled her motor insurance policy.

## **What happened**

Mrs S took out a motor insurance policy in June 2023. She said that she had purchased her car in June 2022.

In July 2023 Ageas received notification that the purchase date Mrs S had provided may not be correct. It sent emails to Mrs S asking her to contact it to discuss this. As Ageas didn't receive a response it sent a letter to Mrs S confirming it had cancelled the policy.

Mrs S contacted Ageas to explain that the emails had gone into her junk folder so she hadn't seen them. Mrs S explained that the garage she purchased her car from hadn't registered the sale correctly with the DVLA. She asked for the cancellation marker to be removed and the policy be reinstated. Ageas didn't agree to this and so Mrs S raised a complaint.

Ageas said it hadn't made an error in cancelling the policy. Mrs S didn't agree and so bought the complaint to this Service.

Since referring the complaint to this Service, Ageas made an offer to Settle Mrs S's complaint as it said it could have written to Mrs S through a second written medium, other than email. It offered to return the £50 cancellation fee it charged, and pay an additional £100 compensation for distress and inconvenience caused to Mrs S. Additionally it offered to pay the difference in premium if Mrs S had paid for a new policy that was more expensive. It also said that no cancellation marker had been placed against the policy. Our investigator said this offer was fair.

Mrs S didn't agree. She said she felt that further compensation was warranted for the distress that was caused.

As Mrs S didn't agree, the complaint's 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.

The terms of Mrs S's policy explain that Ageas have the right to cancel the policy by giving 7 days' notice in writing. It explains that reasons for this may include if a mistake has been made when the insured provides information shown on the Statement of Fact and if the insured won't give it information it has asked for.

The Statement of Fact document shows the date of purchase of Mrs S's vehicle as 1 June 2022. However the V5 document shows that the vehicle was acquired on 5 December 2022. As these dates differ I don't think it was unreasonable for Ageas to request clarity from Mrs S as to why this may be the case.

Ageas sent an email to Mrs S in July 2023 asking for additional information and warning her that if it didn't receive a response within 21 days the policy would be cancelled. It sent a further email to chase this information, again warning of the consequences of not responding to this. As no response was received within the timeframe provided the policy was cancelled and a letter was sent to Mrs S to make her aware.

Ageas have said it followed its internal processes, however it has acknowledged it only used one medium to contact Mrs S when asking for information about the purchase date of her car and potential cancellation of the policy. Due to this Ageas made an offer to resolve Mrs S's complaint.

I think the offer that Ageas have made to resolve Mrs S's complaint is a fair one and I'll explain why.

Due to the implications of having a motor insurance policy cancelled, I would consider it good industry practice for an insurer to use more than one form of communication when contacting someone about the potential cancellation of their policy.

Had Ageas used an alternative medium to contact Mrs S prior to her policy being cancelled it's likely Mrs S would have contacted Ageas to clarify the discrepancy in the purchase date of the vehicle. This would have likely meant the policy wouldn't have been cancelled and Mrs S wouldn't have suffered the subsequent impact she has done.

Ageas have confirmed no cancellation marker has been placed against the policy and so Mrs S won't need to declare the cancelled policy to future insurers. It has also offered to reimburse Mrs S the difference in policy premiums she has had to pay after she had to purchase a more expensive policy with an alternative insurer. Ageas have also offered to reimburse Mrs S the £50 cancellation fee it charged when the policy was cancelled.

This will place Mrs S back in the same financial position she would have been in had the policy not been cancelled which is reasonable.

Ageas have additionally offered £100 compensation to acknowledge the distress and inconvenience Mrs S experienced as a result of her policy being cancelled. It would have been distressing for Mrs S to learn that her policy had been cancelled and that this would likely impact her policy premiums going forward. However Mrs S was able to obtain alternative insurance, albeit at a more expensive price and so I think the inconvenience caused was limited. I think £100 compensation is reasonable to acknowledge the distress and inconvenience that has been caused to Mrs S.

Mrs S has said that the application process was unclear in relation to the vehicle purchase date which is what caused this issue and Ageas should be held accountable for this. Whilst I acknowledge Mrs S's comments on this, Ageas haven't said that Mrs S made an error during the application process when she answered the question the way she did, rather there was a discrepancy which it was entitled to consider. The dispute here relates to the process of Ageas cancelling Mrs S's policy which it has addressed by the offer it has made.

### **My final decision**

For the reasons I've explained I am upholding this complaint. I require Ageas Insurance Limited to do the following in order to put things right:

- Reimburse Mrs S the £50 policy cancellation fee.
- Reimburse Mrs S the difference in premiums she has paid for her new motor insurance policy compared to the Ageas motor insurance policy it cancelled.

- Pay 8% per year simple interest on the difference in premiums, calculated from the date Mrs S paid for her new policy to the date the reimbursement is paid.\*
- Pay Mrs S £100 compensation.

\*If Ageas Insurance Limited considers it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs S how much it's taken off. It should also give Mrs S a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 28 October 2024.

Andrew Clarke  
**Ombudsman**