

The complaint

Miss R complains that Carrot Risk Technologies Limited trading as Carrot Insurance unfairly cancelled her motor insurance policy.

What happened

Miss R was a new driver without a no-claims discount. In early November 2022, she acquired a hatchback car. She insured it for the year from 2 November 2022, on a telematics or “black box” policy.

Carrot arranged and administered the policy. It charged an arrangement fee of £92.50. The policy was in the name of Carrot. An insurance company was responsible for setting the premium and for dealing with any claim. Miss R agreed to pay about £1,610.00 including the arrangement fee.

On 13 April 2023, Carrot sent a warning to Miss R as follows:

“Your weekly driving score for the last week was red (below 0). If you have a red weekly driving score next week, or 3 more during the policy year, your policy will be cancelled.”

Miss R had live chats with Carrot.

On 23 May 2023, Carrot sent another warning as follows:

“Your weekly driving score for the last week was red (below 0). If you have a red weekly driving score next week, or 2 more during the policy year, your policy will be cancelled.”

Miss R had another live chat with Carrot.

On about 6 June 2023, a Carrot engineer looked at the black box in the car.

On 9 June 2023, Carrot sent Miss R an email including the following:

*“Please treat this letter as a warning notice to give you the opportunity to remove any GPS blockers from your vehicle immediately. If you choose not to remove the GPS blocker, we will have no choice but invoke the terms under Telematics Condition section 4b and arrange for an engineer to assess the vehicle. Please note, if following an inspection, we deem that the GPS signal has been interfered with we will either cancel your policy from the date of this letter or, void the policy meaning that we will treat it as though it has never existed.
If you are not using a GPS blocker, please contact us on LiveChat.”*

On 16 June 2023, Carrot sent Miss R two emails each saying that it had cancelled the policy with effect from that morning. One of the emails included the following:

"We are writing in relation to our recent investigation and engineer visit carried out in relation to our concerns over the use of a GPS blocker with your telematics device... Following a service call completed on 06/06/2023 and analysis of the data received from your telematics device, we believe the GPS emitted signal has been interfered with. Therefore, based on the above information we have taken the decision to terminate your policy with immediate effect from 16/06/2023 at 10:30am"

Miss R contacted Carrot by live chat on 16 June 2023.

Carrot said it would refund £497.00. Miss R complained to Carrot that it should accept that she hadn't used a GPS blocker, and it should refund the full amount she'd paid.

By a final response date 28 June 2023, Carrot said the following:

"...we offer a customer cancellation meaning you do not need to disclose the cancellation of this policy to future insurers. I am also happy to offer to pay £50 compensation due to the warning notice advising we may look to arrange another service call before the policy was cancelled after one had already been completed."

Miss R asked us to investigate.

our investigator's opinion

Our investigator didn't recommend that the complaint should be upheld. He didn't think that Carrot had made an error by the cancellation as this had been in line with the policy terms. He also thought that a pro-rata refund of the policy premium was fair in the circumstances.

The investigator said that Carrot had cancelled the policy because it felt there had been intermittent blocking of the GPS signal throughout the period of 1 January to 20 June 2023.

Miss R disagreed with the investigator's opinion. She asked for an ombudsman to review the complaint.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Miss R and to Carrot on 3 July 2024. I summarise my findings:

I was satisfied that the evidence identified Miss R's car as one in which the driver had intermittently used a GPS blocker for journeys.

Keeping in mind the policy terms, I didn't find that Carrot treated Miss R unfairly by its cancellation warning on 9 June or by its cancellation with effect from 16 June 2023.

Carrot had made an offer in its final response, and I was minded to find it fair to hold Carrot to that offer.

Subject to any further information either from Miss R or from Carrot, my provisional decision was that I upheld this complaint in part. I intended to direct Carrot Risk Technologies Limited trading as Carrot Insurance to:

1. write a letter to Miss R (which she may show to current and future insurers) saying that she rather than Carrot cancelled the policy in June 2023; and
2. pay Miss R £50.00 for distress and inconvenience.

Miss R disagreed with the provisional decision. Her father says, in summary, that:

- Online reviews show there is something definitely going on within this company. There are a few that are almost word for word identical to his daughter's complaint.

Carrot hasn't responded to the provisional 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.

Carrot's terms included the following:

"TAMPERING / ALTERATIONS

If, during the monitoring of data from Your Telematics Tracking Device, We suspect that there has been unauthorised interference with the Telematics Tracking Device or any interference with the GPS/GSM signal emitted from the Telematics Tracking Device You must allow an installation partner to inspect Your Telematics Tracking Device within 7 days. If You fail to allow the installation partner to inspect Your Telematics Tracking Device within 7 days, or fail to make or keep an appointment with the installation partner within 7 days, Your policy will be cancelled.

If a fault is detected and is found not to be the result of unauthorised interference the Telematics Tracking Device will be repaired or replaced in accordance with Telematics Tracking Device warranty. However, if, on inspection it is found that the Telematics Tracking Device and/or its emitted signal has been the subject of unauthorised interference, such interference will be treated as a fraudulent act, and Your policy will be cancelled with immediate effect".

I accept Carrot's statement that each of the warnings in April and May 2023 related to a week rather than to a journey. So I don't accept that the warnings related only to driving on a particular road.

I accept that Carrot and its engineer hadn't mentioned any concerns about the use of a GPS blocker before the visit on 6 June 2023. I consider that it was inappropriate for Carrot to say on 16 June that the engineer had visited in relation to such a concern.

Carrot has provided us with evidence of the existence and the operation of certain GPS blocking devices. It has explained that such GPS blockers only block GPS data, but Carrot's device continues to transmit other data. So Carrot is able to identify certain characteristics of data transmitted by its device from a car in which the driver sometimes uses a GPS blocker for journeys.

Carrot has shown us a spreadsheet of the data from the device in Miss R's car. Carrot told us that the data was in the period from 1 January 2023 to 20 June 2023. I've seen that the last data is from 19 June 2023. I'm satisfied that the evidence identifies Miss R's car as one in which the driver has intermittently used a GPS blocker for journeys.

Keeping in mind the policy terms, I don't find that Carrot treated Miss R unfairly by its cancellation warning on 9 June 2023 or by its cancellation with effect from 16 June 2023.

I give Carrot credit for its final response. It rightly accepted that its warning on 9 June 2023 might have led Miss R to expect another engineer's visit. And it offered to investigate data from Miss R's route to the gym if she provided details.

I don't find that Carrot treated Miss R unfairly by treating the arrangement fee as non-refundable and charging her a cancellation fee of £50.00. I don't hold Carrot responsible for the insurance company's calculation of its charge for her time on cover. In any event, Miss R had the benefit of cover for over seven months, so I don't find it fair to direct Carrot to refund the charge for that.

Response to the provisional decision

Miss R's father has drawn attention to online reviews. I have read all of them. I note that a couple of them involve cancellation based on interference with the GPS signal.

However, I don't place much weight on the online reviews. That is because I can't investigate the facts behind those reviews. And in any event, I've seen enough evidence specific to Miss R's complaint. Miss R's father hasn't said anything further specifically about her complaint. So I'm not persuaded to change my view.

Putting things right

Notwithstanding what I have said, it's still the case that Carrot had made an offer in its final response, and I find it fair to hold Carrot to that offer. So I will direct Carrot to:

1. write a letter to Miss R (which she may show to current and future insurers) saying that she rather than Carrot cancelled the policy in June 2023; and
2. pay Miss R £50.00 for distress and inconvenience.

We will record an "upheld" complaint but not a "change in outcome" after the final response.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct Carrot Risk Technologies Limited trading as Carrot Insurance to:

1. write a letter to Miss R (which she may show to current and future insurers) saying that she rather than Carrot cancelled the policy in June 2023; and
2. pay Miss R £50.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 23 August 2024.

Christopher Gilbert

Ombudsman