

The complaint

Mr T has complained that Ageas Insurance Limited ('Ageas') retained his full policy premium after his motor insurance policy was unfairly cancelled.

What happened

Mr T purchased his Ageas motor insurance policy through an insurance intermediary/a broker I'll refer to as B. In October 2023 Mr T was involved in an accident and made a claim on his policy with Ageas.

On 21 November 2023 B wrote to Mr T and asked him to provide it with a copy of his full V5C (vehicle registration document). The letter said Mr T could either post or email the document and provided an email address if he preferred to do the latter. The letter also said that if B didn't hear from Mr T within 14 days it may be instructed by Ageas to cancel or void the policy.

Mr T said he emailed the document over on 24 November 2023. Mr T said he received an email from B a few weeks later letting him know that his policy had been cancelled and that he had to pay the full premium balance. He said it eventually came to light that his email enclosing the V5C hadn't been received. Mr T said B told him a seven-day cancellation notice had been sent to him in the post but he said he didn't receive it. The policy was cancelled on 20 December 2023.

Mr T contacted B on 21 December 2023 and said he wasn't happy that his policy was cancelled and wanted it to be reinstated but B said this wasn't possible. Mr T said he had to take out a new policy and that it cost more than double the price of his old one due to now having to declare his cancellation to his new insurer.

B reviewed the complaint but it didn't uphold it and said its terms and conditions say it can cancel a policy if it is not provided with information it has requested.

Mr T then brought his complaint to us and wanted to complain about B and Ageas. He said that he didn't think that critical correspondence such as a cancellation notice should only be sent in the post, especially when it's that close to the holiday period. He said he was being forced to pay the full policy balance and also double premiums for many years due to having a cancellation on his record. He also added that his email to B with his V5C didn't bounce back so he didn't know it hadn't been delivered.

Ageas said to us that the request to validate the policy didn't come from it but from the broker. It said that the broker's terms say that it may request to see validation documents and may cancel the policy if those are not received. Ageas added that Mr T had claimed

under his policy and that this was a fault claim which Ageas paid out in full. It said as there was a fault claim, the full years' premium was due as per the policy terms, regardless of whether or not the policy was cancelled before it was due to expire. It said it was happy not to class this as an enforced insurer cancellation and would not be adding any markers. It said this means Mr T wouldn't have to declare this to future insurers.

One of our investigators reviewed the two complaints. He said that in this complaint against Ageas he was only considering the decision to charge and retain the full premium and how the cancellation was recorded. He said he would look at the cancellation against the broker as it was the one who had been communicating with Mr T and as it was its communication methods Mr T had been unhappy with and which he believes led to the cancellation.

Our investigator didn't think the complaint should be upheld. He thought Ageas was entitled to charge the full premium under the terms of the policy. He also said he had seen that Ageas had paid far more towards the claim compared to the premium, so he thought its decision was fair and reasonable. The same applied for its decision not to record this as an enforced cancellation.

Mr T didn't agree and asked for an ombudsman's decision, so the matter was then 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.

As our investigator explained this decision is purely about Ageas retaining the full premium and about how the cancellation was recorded by Ageas. The decision about whether the cancellation was fair or not was dealt with separately and decided against the broker as it was the one who was communicating with Mr T and as Mr T feels its methods of communication and processes led to his policy being unfairly cancelled.

Under its policy terms Ageas can retain the full premium if a policy is cancelled before it expires, if a claim has been made. This is a very common term in motor insurance policies and not one we consider to be unfair. Motor insurance policies have yearly premiums, even though sometimes they are repaid monthly. We think it is fair and reasonable that if a successful claim is made during the policy year that the full premium becomes due as the policy has effectively been "used". As Ageas has had to pay out on Mr T's October 2023 claim I think it is fair and reasonable it retained the full premium, which was less than the amount it paid for the claim.

Ageas said that the cancellation was not recorded against Mr T and that it added no markers. It said this means Mr T doesn't have to declare it to other insurers. I think this is again fair and reasonable as this would be as if Mr T had decided to cancel the policy himself which is something he wouldn't be required to declare when taking out future insurance policies.

My final decision

For the reasons above I decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 14 November 2024.

Anastasia Serdari
Ombudsman