

## **The complaint**

Miss P is unhappy UK Insurance Limited trading as Direct Line (“UKI”) cancelled her motor insurance policy.

## **What happened**

On 17 September 2022, Miss P received an email which explained her policy had been renewed for another year. It also said a copy of the policy documents would be sent to her in the post and she could change any policy details such as her address using the online portal.

On the following day, UKI noticed that Miss P’s renewal payment hadn’t gone through successfully, so they sent her a letter asking her to make the £778.88 payment as soon as possible. Miss P didn’t reply to this letter, or the reminder that was sent to her on 2 October 2022. So, on 16 October 2022 UKI sent her a warning that her policy would be cancelled on 30 October 2022 if they didn’t hear from her. As Miss P didn’t respond, they sent her a letter dated 31 October 2022 which confirmed the policy had now been cancelled. UKI also arranged for a copy of each letter to be uploaded to their online portal.

On 27 January 2023, Miss P and her partner were stopped by the police for driving without insurance. Miss P said she wasn’t aware of the policy cancellation or the fact her payment hadn’t been successfully taken. However, she now realised the problem may have happened as her card had expired. When UKI highlighted the letters they sent to her, she said she’d forgotten to let them know she’d changed address shortly before the policy renewed. She also said they should have called or emailed her instead of just relying on the post. When Miss P asked UKI for a new quote to replace her policy, she was concerned by the extent of the price increase. She therefore complained that UKI had cancelled her policy unfairly and tried to stop her taking out further insurance with them by deliberately inflating the cost of the new quote.

UKI didn’t uphold Miss P’s complaint as they said they’d followed the correct procedure in terms of the policy cancellation, and it was Miss P’s responsibility to make sure her address and payment details were correct. They also said the replacement quote was accurate and based on a wide variety of risk factors such as her address, occupation, type of car, and the amount of previous claims.

An investigator at our service then considered the complaint but didn’t uphold it. He said the policy had been cancelled fairly, and he didn’t think Miss P had been treated differently to any other customer requesting a quote in similar circumstances.

Miss P didn’t accept the investigator’s opinion as she still felt it was unfair of UKI to cancel her policy without contacting her by phone or email. She also continued to dispute the cost of the replacement policy quote and the way it had been calculated.

So, I’ve considered the complaint afresh.

## 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 starting point for complaints of this nature is the contract between Miss P and UKI – the policy terms and conditions. Miss P agreed to comply with these terms when she took out the policy.

In relation to missing payments the terms say:

*If we have been unable to collect the instalment payment(s) due under your credit agreement on the date(s) due, we will write to you in order to give you the opportunity to make the payment(s). If any instalment amount remain(s) unpaid by the date we set out in our letter, we will give you 7 days' notice that we will cancel your policy, and inform you in writing when this cancellation has taken place.*

In the cancellation section, the following explanation is also given :

*We can cancel the policy at any time if we have a valid reason. If we have to do this, we'll give you at least 7 days' notice. We'll send our cancellation notice to the latest address we have for you.*

I'm satisfied these terms are clear and specific. So, this means, Miss P should reasonably have been aware of the procedure UKI would follow in the event she failed to make a payment, or if they decided to cancel her policy. Of particular note, is the fact the terms explain UKI would contact her by letter.

I've reviewed each of the letters UKI sent Miss P to request the missing payment and the cancellation notice. The dates of these letters are set out above, so I won't repeat them again here, but I'm satisfied that by sending each of these letters UKI complied with their cancellation procedure and gave Miss P a reasonable amount of time to get in contact. I'm also satisfied the lack of payment was a valid reason for cancelling the policy.

Miss P didn't receive UKI's letters, as she didn't notify them of her change of address or arrange for her post to be redirected. I appreciate it can be easy to forget to update contact details during the course of moving. However, based on the timeline of events, it appears Miss P changed address prior to the September 2022 renewal date, and didn't attempt to contact UKI about her address until she was contacted by the police in late January 2023. I also note that the renewal email highlighted the importance of making UKI aware of any changes to her policy such as her address. So, it's unfortunate she didn't update her contact details after reading this.

I can also see that UKI highlighted the importance of Miss P updating her contact information in the policy terms as they say: *"You must tell us as soon as possible if: You change the address where your car is normally kept overnight"*. They also include a warning that such changes could impact the policy premium or result in cancellation. This warning is appropriate because in addition to causing communication problems, an incorrect address can have implications in terms of the risk associated with the policy. In light of this, I'm satisfied UKI did everything I'd reasonably expect to highlight the importance of Miss P keeping her contact details up to date, and it was reasonable for them to conclude the address they stored on file for her was correct.

I appreciate the reasons Miss P feels contact by email or telephone would have been helpful. However, as the policy terms and conditions clearly set out the procedure UKI would

follow before cancelling her policy, and because I'm satisfied they complied with it here, I don't think they did anything wrong. It's unfortunate Miss P wasn't aware of the cancellation, and I'm sorry she experienced serious consequences as a result. However, UKI had no reason to think her address was out of date, and it was ultimately Miss P's responsibility to make sure her premium had been paid and her contact details were correct. So, while I do empathise with Miss P's position, I don't think UKI treated her unfairly by cancelling her policy.

I've also considered the new policy quote Miss P received from UKI. I can understand why she was disappointed by the price increase, however, I've seen no evidence which suggests the premium was deliberately inflated by UKI to try and stop her taking out a further policy with them. UKI have sent me their underwriting criteria - this is commercially sensitive information which shows how they take different factors/risks into consideration when pricing a policy. I'm unable to share UKI's criteria with Miss P, and it isn't my place to tell an insurer what their criteria should be, but having carefully reviewed it here, I'm satisfied the quote Miss P received was fairly based on her circumstances and UKI's criteria. So, this means, UKI priced the policy in the way I'd reasonably expect.

### **My final decision**

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 5 November 2024.

Claire Greene  
**Ombudsman**