

The complaint

Mr V was unhappy that Acromas Insurance Company Limited (“Acromas”) didn’t renew his Motorhome insurance policy.

What happened

Mr V spoke with Acromas when he was sent a renewal through for his policy. Mr V explained his travel plans for the year to clarify the details on his policy. However, Acromas decided to withdraw the renewal offer as it said Mr V’s circumstances had changed.

Acromas said as Mr V intended to be out of the country for around 10 months of the year it didn’t want to take on the risk of insuring Mr V. Mr V didn’t understand this as the policy was marketed to consumers as providing unlimited cover for use abroad. He had to find another policy which inconvenienced him, and it also cost him £30 more.

Our investigator decided to uphold the complaint. She didn’t think the underwriting criteria supported Acromas’ decision to withdraw the renewal of the policy and she thought it contradicted the nature of the policy itself. She awarded £100 compensation for the distress and inconvenience caused. Acromas disagreed, so the case has been referred to an ombudsman.

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.

Insurers make commercial decisions that balance the risk of paying out on claims versus what they collect in premiums. Policies differ in what they offer and how much they cost. It’s right it’s Acromas’ decision on what policy terms it offers and for what price.

What’s important, however, is that Acromas treats customers the same way who have similar circumstances. It’s expected that insurer’s make their decisions in a transparent way.

Acromas has explained to our service its decision is consistent with its underwriting criteria. The criteria outlines the circumstances where it will or won’t offer insurance cover. Acromas has explained to our service that its criteria states Mr V’s property in the UK must be his “main residence”, which it has explained means the residence where Mr V spends most of his time. With Mr V been abroad for around 10 months, Acromas has said Mr V’s main residence isn’t in the UK.

I’ve checked Acromas’ underwriting criteria myself. I can appreciate the risk of travel around Europe for ten months of the year does increase the risk of cover. However, I’m not persuaded that the underwriting criteria is clear that Mr V shouldn’t have been offered a policy. I think the criteria is open to interpretation.

The criteria states under residency that the motor policy *“is available only to proposers who are primarily resident in the UK, Acromas would consider someone to be resident in the UK*

if they own or maintain property here". Further on Acromas explains the policyholder must maintain property (main residence) within the UK.

Whilst I appreciate Acromas has explained to our service that it sees main residency means living in the UK for at least six months in the year. I don't think this is clear in its underwriting criteria. I'm not suggesting Acromas has intended to treat Mr V differently, but I think its underwriting criteria and policy itself needs to be clearer on this point. Therefore, I think it's likely, Mr V could've been treated differently to someone with the same circumstances.

Therefore, I uphold this complaint. It has led to Mr V wasting his time with a policy that wouldn't cover him and he's had to find alternative cover at a higher cost. So, for this inconvenience and potential anxiety, I require Acromas to pay £100 compensation to Mr V.

My final decision

My final decision is that I uphold this complaint. I require Acromas Insurance Company Limited to:

- Pay Mr V £100 in compensation – for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 6 November 2024.

Pete Averill
Ombudsman