

The complaint

Mr A complains that Advantage Insurance Company Limited cancelled his motor insurance policy and recorded his details on a database so that he couldn't obtain affordable insurance. Mr A is represented in this matter by his mother, Ms A.

What happened

Mr A took out a policy with Advantage using a "private broker". A week later, Advantage found that the policy had been bought after many different quotes were obtained using differing details. It said the risk of insuring Mr A was too great and so it cancelled the policy, giving seven days' notice. But it said it hadn't recorded Mr A's details on a fraud database. Ms A disagreed.

Our Investigator didn't recommend that the complaint should be upheld. She thought Mr A should have reasonably been aware that he was using a ghost broker to obtain cover through manipulation of his details. And so she thought Advantage was entitled to cancel the policy in keeping with its terms and conditions. She couldn't see evidence that Advantage had recorded Mr A's details on a fraud database causing a premium increase.

Ms A replied that she knew why Mr A's policy had been cancelled and didn't complain about this. She disagreed that Mr A should have been aware that using a ghost broker was unusual. She said she had evidence that her son's name was on a fraud list.

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.

Ms A has explained the effects the cancellation of the policy has had on her son and herself. I was sorry to hear about this. She says that Mr A is being unfairly treated after he made a mistake due to his naivety.

I think it's agreed by all parties that Mr A obtained his policy through a ghost broker, though he wasn't aware of the term at the time. The broker manipulated quotes on an online comparison site by changing some of Mr A's details and obtained a policy with Advantage. Advantage then found that numerous quotes had been obtained and it cancelled the policy.

This had serious consequences for Mr A. If an insurer cancels the consumer's policy due to ghost broking, the consumer will usually be required to disclose the cancellation on future insurance applications depending on the question they're asked. This can have an adverse effect on their future premiums.

So we expect an insurer to carry out a thorough investigation to establish if the consumer knew or should have known they'd used a ghost broker. A consumer should have known or at least realised something wasn't right and checked if the information on the documents they received didn't have the correct details on them. If the consumer knew or should have known, we'd consider it fair for the insurer to cancel the policy in accordance with the policy terms.

Mr A said he'd been given the details of the broker by a friend and made contact through social media. He also paid a sizeable fee to obtain a policy at an attractive price. So I think

Mr A should have been aware that he was obtaining insurance in an unusual way. The broker bought a policy with Advantage after obtaining multiple quotes and using different details for Mr A to obtain a cheaper price. But Mr A didn't check his policy documents to see if they were correct, as I'm satisfied he should have done.

I think that if Mr A had checked his policy documents he would have seen that his details had been manipulated. And so I think he would then have known that things weren't right. Advantage has provided evidence showing the multiple manipulated quotes made by the broker. It said this made the risk of insuring Mr A unacceptable. So I think Advantage fairly and reasonably relied on the following policy term to cancel the policy:

"We and your Insurer can cancel your Policy at any time by sending you seven days' written notice to the last postal or email address on our system, stating why the Policy has been cancelled. We can only do this for one of the following reasons:

- *...Your insurer is prevented from providing cover under this Policy by law or other reason."*

And I can see from its file that Advantage alerted Mr A to the cancellation by email, letter and phone giving him seven days' notice, as required by the policy's terms and conditions. So I can't say that Admiral treated Mr A unfairly or unreasonably.

Ms A thought that Advantage had placed Mr A's name on a fraud database. But I'm satisfied that it didn't do this as I can see that that a search of the database didn't show her son's details. But Advantage did place his name on the Motor Insurer's Database (MID) and recorded that the policy had been cancelled. I think this is an accurate record of Mr A's driving history, so I can't say that this was incorrect or should be changed.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 22 October 2024.

Phillip Berechree
Ombudsman