

The complaint

Miss D complains that Advantage Insurance Company Limited cancelled her motor insurance policy.

What happened

The subject matter of the insurance was a car, first registered in about 2014.

In about May 2020, Miss D acquired the car.

For the year from 14 September 2023, Miss D insured the car on a telematics policy. According to the policy schedule, she had three years' no-claims discount ("NCD"). The policy covered Miss D as policyholder and her mother as a named driver.

The policy was in the name of an insurance intermediary. Advantage was the insurance company that was ultimately responsible for any cancellation. Much of the complaint is about communications from the intermediary on behalf of Advantage. Insofar as I hold Advantage responsible for them, I may refer to them as communications from Advantage.

Miss D installed the telematics device. It was a requirement of the policy that Miss D should drive in a way that kept the telematics score above 30 out of 100.

Unfortunately, on about 21 September 2023, Miss D was involved in an accident that seriously damaged the car.

By a message dated 25 September 2023, Advantage said the following:

*"It's time to get back on track
We've noticed your driving score is getting close to the minimum. When you bought your policy, we gave you a better price in return for keeping your score above this. This means if your score falls to 30 or below, your policy will be cancelled."*

By about 28 September 2023, Advantage had said the car was a total loss.

On 17 October 2023, Miss D got a similar car that had first been registered in 2016. She asked Advantage to do a change of vehicle covered by the policy and it agreed.

By a letter dated 25 October 2023, Advantage said the following:

"Your low driving score means we'll cancel your policy on 15th November 2023. We gave you a better price when you bought your policy, in return for keeping your score above 30. Unfortunately, your score has fallen below this, so we'll have to cancel your policy."

Miss D's mother contacted Advantage's complaints team.

By a final response dated 27 October 2023, Advantage said that it had cancelled the policy as Miss D's driving score had been below 30.

Advantage cancelled the policy. From 8 November 2023, Miss D took out a new policy with another insurer.

Miss D brought her complaint to us in late November 2023.

our investigator's opinion

Our investigator recommended that the complaint should be upheld. He thought that Advantage had treated Miss D unreasonably. He recommended that Advantage should:

1. reimburse Miss D the full cost of her new car insurance policy that she purchased when her policy was unreasonably cancelled; and
2. pay 8% simple interest on this amount from the date Miss D purchased the new policy, until the date she is reimbursed; and
3. pay Miss D £300.00 compensation for distress and inconvenience; and
4. remove all records of the cancellation from internal and external databases and provide Miss D a letter confirming the policy was cancelled in error.

Advantage disagreed with the investigator's opinion. It asked for an ombudsman to review the complaint.

In response to our request, Miss D sent us a copy of the welcome letter and certificate of insurance for the replacement policy from 8 November 2023.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Miss D and to Advantage on 7 August 2024. I summarise my findings:

Advantage hadn't given Miss D a reasonable chance to correct her driving behaviour before the policy was cancelled. That's one reason why I was minded to find that the cancellation was unfair.

I wasn't satisfied that Advantage cancelled the policy in line with its terms. That's another reason why I was minded to find that the cancellation was unfair.

I didn't consider that there was enough evidence of the cost of replacing the Advantage policy with a like-for-like telematics policy for the period from 9 November 2023 to 13 September 2024. I was minded that the most reliable evidence of such cost would be Advantage's premium to cover Miss D's replacement car pro rata for the period 9 November 2023 to 13 September 2024.

As Miss D had been out of pocket for the replacement policy, I was minded to direct Advantage to pay interest at our usual rate on the amount of its payment from 9 November 2023.

I'd also thought about the non-financial impact of the unfair cancellation on Miss D. I considered that she must've been confused by Advantage's communications. And

she had to spend time contacting Advantage and also in arranging the replacement policy.

Subject to any further information either from Miss D or from Advantage, my provisional decision was that I upheld this complaint in part. I intended to direct Advantage Insurance Company Limited to:

1. write a letter to Miss D (which she may show to current or future insurers) saying that it cancelled the policy unfairly and that it has removed any adverse information about the cancellation from any external database to which it had given such information; and
2. pay Miss D the amount of its premium to cover her replacement car pro rata for the period 9 November 2023 to 13 September 2024; and
3. pay Miss D simple interest on that amount at a yearly rate of 8% from 9 November 2023 to the date of its payment. If Advantage considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Miss D how much it's taken off. It should also give her a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate; and
4. pay Miss D £150.00 for distress and inconvenience.

Miss D commented on the provisional decision, in summary, as follows:

- She paired the device. However she was never told how to use the app.
- After she crashed on 21 September, Advantage contacted her by email on 25 September. It was only then that she could access her driving score and became aware that it was a low score.
- She did not have a car to improve her driving score.
- When her mother contacted the complaints team, it told her she was unable to make a complaint on her behalf. Despite that, Advantage responded to that complaint without giving her an opportunity to make her own complaint.

Advantage (through the intermediary) disagreed with the provisional decision. It said, in summary, that:

- When a customer has an accident or is placed on the exclusion list for any reason, it prevents the tab from registering data, and its systems from scoring it.
- When Miss D had her accident there was data backed up waiting to be downloaded that would have caused the policy score to drop and cause the policy to cancel. So if the accident hadn't happened this data would have come through in more real time and the policy cancelled.
- It was Miss D's driving behaviours that culminated in this cancellation.

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.

From Advantage's welcome letter, I see that Miss D paid about £680.00 in advance for the year from 14 September 2023.

Advantage's policy terms included the following:

"Total Loss – if your Car can't be repaired

...

If your Car is declared a Total Loss, and you've already paid the premium in full, no refund will be made for the Car in question, even if the cover for the Car is later cancelled.

...

If your claim is settled on a Total Loss basis and you don't replace your Car within 30 days of being issued the settlement payment we'll cancel your policy"

The policy terms also included the following:

"Our rights to cancel your Policy

We may give you seven days' notice of cancellation

...

We and your insurer can also cancel your Policy at any time by sending the Primary Policy holder 21 day's written notice (Cancellation Date) 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 and subject to your right to cancel at any time prior to the Cancellation Date:

- Your Driving Score drops to 30 or below*
- Your Driving Score drops to 30 or below and we offer you continued cover in return for the payment of an additional Premium but payment of this additional Premium is not received prior to the Cancellation Date*
- You have more than once driven 30 MPH above the road speed limit"*

The policy terms said that Miss D had to set up the telematics device within 13 days after the policy started. Miss D says she set it up on about 18 September 2023. And Advantage hasn't provided any data that contradicts this. So I accept that data was only available from about that date.

Advantage has shown us a summary of data up to a trip on 20 September 2023. Advantage must've acted on data for the period from about 18 to about 20 September 2023. That's a short period and a small amount of data. However, unlike the investigator, I consider that it was long enough to show whether or not Miss D was achieving the minimum acceptable score of 30 out of 100.

The data showed that she was scoring about 15. From that, I find that – within a week of the policy starting – Miss D had broken a key term of the telematics policy by driving with a score lower than 30 out of 100.

Miss D has said the accident was on 21 September 2023. That caused the total loss of the car. Nevertheless, Advantage hasn't provided enough information to show that Miss D was responsible for dangerous (as opposed to careless) driving such as excessive speeding.

After the accident, Miss D couldn't drive her vehicle. I accept that she lost the device with the vehicle.

On about 17 October 2023, she put her new vehicle on the policy. It was similar to her old vehicle and I haven't noted any evidence of any additional cost for the insurance.

Advantage's file shows that it approved a new device on 25 October 2023. But I accept Miss D's statement that she didn't receive a new device. So there was no further driving data or driving score.

I've noted a number of deficiencies in Advantage's communication. They include the following:

- When she reported the accident, Advantage referred to the possibility of cancellation based on lack of a new vehicle – but not the possibility of cancellation based on driving score.
- The warning message on 25 September said that Miss D's score was getting close to the minimum, not that it had fallen below 30. The message invited Miss D to get back on track, but that overlooked the fact that Miss D's vehicle had been damaged in the accident on about 21 September.
- On about 17 October, Advantage accepted the change of vehicle. It didn't mention cancellation.
- On 24 October, Advantage sent a letter saying that it had updated Miss D's details. It didn't mention cancellation.
- It wasn't until 25 October that Advantage sent a letter saying that the score hadn't stayed above 30 so the policy was being cancelled from 15 November. But that must've been based on trips before the accident more than a month previously.
- Also, Advantage sent two text messages the same day, one saying that the policy would be cancelled and one saying that the score was "getting low" and needed to stay above 30 to avoid cancellation.
- Advantage's final response was dated as early as 27 October. It included some confusing information about an "exclusion list" that prevented cancellation until 24 October.
- On 6 November, Advantage sent two text messages identical to those of 25 October.
- Also on 6 November, Advantage sent a message saying that the policy would be cancelled on 27 November.
- On 9 November, Advantage sent a message saying it had cancelled that day.

Advantage should've known Miss D couldn't drive her old car after the accident on about 21 September and that she didn't get a replacement car until about 17 October. Advantage should also have known that it didn't approve a new telematics device until about 25 October. That was the very day it gave the notice of cancellation. Two days later it sent its final response.

So Advantage hadn't given Miss D a reasonable chance to correct her driving behaviour before the policy was cancelled. That's one reason why I find that the cancellation was unfair.

The policy terms (quoted above) required Advantage to give Miss D 21 days' notice of cancellation. Although its letter of 25 October was such a notice, Advantage later said that it had cancelled the policy with effect from 9 November, that is 15 days after the notice. So I'm not satisfied that Advantage cancelled the policy in line with its terms. That's another reason why I find that the cancellation was unfair.

Miss D's response to the provisional decision

Miss D says that she paired the device. I accept that.

Miss D says that she was never told how to use the app. However, I'm satisfied that Advantage had provided enough information about how to use the app.

Miss D says that she couldn't access her driving score until 25 September. I have no reason to doubt that she didn't access her driving score until that date. However, I consider that Miss D ought reasonably to have found out her driving score from about 18 September 2023.

Miss D says that she did not have a car to improve her driving score. I accept that was the case after the accident on about 21 September 2023. That's part of my reason for upholding her complaint on the grounds that Advantage didn't give her a reasonable opportunity to improve her driving score before it cancelled the policy.

Miss D says that Advantage said it wouldn't deal with her mother's complaint on her behalf, but it then did so. I accept that and I don't condone it. However, I haven't seen any evidence that Advantage's contradictory handling caused any detriment to Miss D. For example, I haven't seen any evidence that Miss D has been precluded from making points that her mother hadn't made.

Advantage's response to the provisional decision

Advantage says that when a customer has an accident or is placed on the exclusion list for any reason, it prevents the tab from registering data, and its systems from scoring it. I have no reason to doubt what Advantage says on that point.

Advantage says that it was Miss D's driving behaviours that culminated in this cancellation. I accept that.

Advantage says that there was data backed up waiting to be downloaded that would have caused the policy score to drop and the policy to cancel. I have no reason to doubt what Advantage says on that point.

However, Advantage's response doesn't deal with either of the reasons why I was minded to find the cancellation unfair. Also Advantage's response doesn't comment on my consideration of how to try to put things right. So I see no reason to change my view.

Putting things right

I've thought about what it's fair to direct Advantage to do to try to put things right for Miss D.

It's clear to me that it's fair to direct Advantage to write a letter to Miss D (which she may show to current or future insurers) saying that it cancelled the policy unfairly and that it has removed any adverse information about the cancellation from any external database to which it had given such information.

Equally it's clear to me that it cannot be fair to direct Advantage to reimburse Miss D the full cost of the replacement policy. There are a number of reasons for this.

Most obviously, Miss D had the benefit of Advantage's cover from 14 September to about 9 November 2023, so it wouldn't be fair to direct Advantage to pay in addition for the whole year from 8 or 9 November 2023 when Miss D took out the replacement policy. That would give her more than a year's cover without more cost.

Another reason is that the replacement policy wasn't a like-for-like replacement. For example it covered an additional named driver. And from what I've seen, it wasn't a telematics policy. Advantage's policy cost about £680.00 on the basis that it included telematics and three years' NCD. The replacement policy cost about £1,230.00. The replacement policy must've been on the basis that Miss D had had a recent accident and little if any NCD.

So I've thought about the extent to which the unfair cancellation caused the extra cost of the replacement policy. However, I consider that – compared to the Advantage policy – the replacement policy was likely to be more expensive because it wasn't a telematics policy and because of the accident.

I don't consider that there's enough evidence of the cost of replacing the Advantage policy with a like-for-like telematics policy for the period from 9 November 2023 to 13 September 2024. I find that the most reliable evidence of such cost would be Advantage's premium to cover Miss D's replacement car pro rata for the period 9 November 2023 to 13 September 2024.

If Advantage's policy had continued from 9 November 2023 to its expiry on 13 September 2024, then Miss D would've had cover at no additional cost until that date and the accident wouldn't have impacted her premium until that date.

So I find that the fairest outcome would be that Advantage should pay Miss D the amount of its premium to cover her replacement car pro rata for the period 9 November 2023 to 13 September 2024. I say that notwithstanding that the claim would usually preclude a refund.

As Miss D has been out of pocket for the replacement policy, I will direct Advantage to pay interest at our usual rate on the amount of its payment from 9 November 2023.

I've also thought about the non-financial impact of the unfair cancellation on Miss D. I consider that she must've been confused by Advantage's communications. And she had to spend time contacting Advantage and also in arranging the replacement policy. So I find that £150.00 is fair and reasonable compensation for distress and inconvenience.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct Advantage Insurance Company Limited to:

1. write a letter to Miss D (which she may show to current or future insurers) saying that it cancelled the policy unfairly and that it has removed any adverse information about the cancellation from any external database to which it had given such information; and

2. pay Miss D the amount of its premium to cover her replacement car pro rata for the period 9 November 2023 to 13 September 2024; and
3. pay Miss D simple interest on that amount at a yearly rate of 8% from 9 November 2023 to the date of its payment. If Advantage considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Miss D how much it's taken off. It should also give her a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate; and
4. pay Miss D £150.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 20 September 2024.

Christopher Gilbert

Ombudsman