

The complaint

Miss W complains about Advantage Insurance Company Limited's cancellation of her policy.

What happened

Miss W held a motor insurance policy with Advantage Insurance Company ("Advantage"). Under the terms of the policy, her driving score was recorded on an app. Advantage said it was a condition of the policy that the score didn't fall below 30, which it then did.

Advantage proceeded to cancel the policy when this happened. It wrote to Miss W to explain that they'd measured her driving by looking at her speed, acceleration, braking, cornering and whether she'd used her phone whilst driving. Miss W disputed the cancellation, saying she hadn't been driving when the score fell below 30. She said Advantage told her that if she could provide evidence she hadn't been driving, it would consider this and reinstate her policy. But when Advantage didn't do this, Miss W made a complaint.

In its response to the complaint, Advantage said the policy was cancelled because Miss W's driving score was recorded as being "below 30 on 17 December". And that she had breached a condition of her policy.

Because Miss W didn't accept Advantage's response, she referred her complaint to this service, saying she'd had to take out further cover at double the price of her policy with Advantage. Our Investigator considered the matter and thought Advantage hadn't treated Miss W fairly. It was recommended that Advantage pay the difference between the two policies plus interest and pay Miss W £100 for distress and inconvenience.

Advantage didn't agree with our Investigator's assessment. It said our Investigator had ignored large parts of the policy booklet, that Miss W had provided false accounts, and that our Investigator's focus on cancellation information not being included in the Insurance Policy Information Document ("IPID") was unfair.

As an agreement couldn't be reached, the complaint was 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.

Having done so, I've decided to uphold this complaint. I'll explain why.

Advantage is relying on the following term from the policy documents, to demonstrate its entitlement to cancel Miss W's policy for her driving score falling below 30:

"Your Driving Score needs to stay above 30 at all times, or your Policy may be cancelled".

Miss W says, however, said she hadn't been aware that just one incident could lead to policy cancellation as all the documentation referred to average scores. She said she provided evidence that her father had been driving on the date she was told her score fell below 30.

I've listened to the call recording in which Miss W was told that the date of the drive which resulted in her score falling below 30 was 13 December, and the score went down on 14 December according to the adviser. In the same phone call, Miss W was told "All that you will need then is notification from the garage that the vehicle was there at that time out on a test drive".

Miss W and her father were also told, in the same phone call, that the score dropped due to acceleration, speeding, braking and phone use. Miss W's father said during that phone call that he was driving the car on 13 December – and asked what he needed to do next. The adviser didn't guarantee anything, but told them to send in the evidence by email and anything they had would strengthen their case.

Video evidence was sent to Advantage on 2 January showing doorbell footage of Miss W's father getting into the driver's side of the insured vehicle and driving it away. Further phone calls were made after this, to chase Advantage, on 4 January, 5 January and 8 January. I've listened to a separate call recording in which an adviser confirmed that sending in evidence wouldn't reverse the cancellation. I consider this to have been inconsistent information, as the first adviser Miss W spoke to said that if they sent anything in it would strengthen their case, which was misleading.

Although I don't think the issue of the video evidence has any bearing on my decision regarding whether the cancellation was fair, I do think it shows that Miss W was inconvenienced by being told to send in any evidence she had, and by being given inconsistent information. She was also inconvenienced by having to chase several times for a response from Advantage and by being given the wrong date when she asked for the date of the drive in question. I think these errors caused Miss W distress and inconvenience for which she should be compensated. So I'm going to require Advantage pay Miss W £100 compensation to reflect the time and effort it took Miss W to repeatedly contact Advantage to try to sort out the problem whilst she was working with the incorrect information that had been provided to her.

I'll now deal with the issue of whether the cancellation was fair. I'm satisfied that Miss W's score fell below 30 and that she was the driver on the specific drive that caused her score to drop. I say this because the actual date of the drive which led to Miss W's score falling below 30 was at some point in the 24 hours prior to 2am on 17 December. And I've not been provided with any evidence such as doorbell video footage which persuades me that Miss W wasn't driving at the time.

However, I still don't consider the cancellation of Miss W's policy to have been reasonable in the circumstances. This is due to the information that was provided to Miss W not being provided in a way that was clear, fair and not misleading – which is and was Advantage's obligation under the Consumer Duty.

I've looked carefully at the information that was provided to Miss W and I can see that the IPID says that the two-week driving score and total score must stay above the minimum threshold, or the premium may increase. The policy booklet however, says that Advantage may cancel the policy. Advantage says that it is suggested by the use of "we may" that there are alternative avenues of process. But the IPID doesn't state clearly that further information on this point is contained in the policy booklet, nor do I consider it suggests cancellation or any other avenues of process by use of the words "we may". To a reasonable consumer "we may" could simply mean that the insurer might choose to increase the premium, or it might not, depending on the circumstances. For example, a consumer could infer from this that if their driving score falls below 30 there is a real risk that their premiums could increase, but equally that the insurer may choose to let them off with a warning and not increase their premiums on that occasion.

I consider the cancellation term to be a significant term which wasn't highlighted sufficiently in the IPID, but should've been. The policy says a driver will be able to see their score in the app, but as Advantage has clarified, this refers to the score for a specific drive and not the total score which could take up to 24 hours to update in the app. So with no provision for a warning to be given, Miss W wasn't given the opportunity to correct her driving before the policy was set to be cancelled – a serious fact she would be unaware of by reading the IPID.

Advantage says the IPID doesn't contain all the information relevant to the policy, and I agree. But for something to be considered significant enough to be highlighted in the IPID, it should provide all of the important information or should refer the consumer to the policy for the full picture. And in this case the IPID didn't mention that the score falling below 30 could lead to the policy being cancelled, which is significant.

And from the way the bullet points are arranged in the section "What are my obligations", a reasonable consumer could view the first bullet point: "You're required to keep to the conditions shown in your full policy documentation. Some examples of these are..." and understand that this provides a list of points which are examples of those contained in the policy document in full, whereas the bullet points outside that list (indented differently) include: "Your two week driving score and total score must stay above the minimum threshold or your premium may increase during your policy term". This could be misleading as it could suggest that this is not an example of a term that's shown in full in the policy document, and that the IPID contains all the information needed about that term.

Advantage has also said Miss W provided false accounts, but I've not seen evidence of this. I can see instead that different information was provided due to the different dates that were being discussed.

It follows therefore that I don't consider the cancellation of Miss W's policy to have been fair in the specific circumstances of this case. And I'll require Advantage to put things right for Miss W by covering the difference in premium between its policy and the new policy she had to take out due to the cancellation. The difference in premium should be covered from the date the policy with Advantage was cancelled, until the date the policy with Advantage was due to end, which would've been on 5 December 2024. This is when Miss W would've had to take out a new policy in any event. It should also pay her interest on this amount as detailed below, for the time she's been without these funds.

Putting things right

Advantage Insurance Company Limited must now:

- Pay the difference in premium between Miss W's policy with Advantage and the new policy she took out, from the date of cancellation until 5 December 2024.
- Pay Miss W interest on the above amount at the rate of 8% simple per annum, from the date of loss until the date of settlement.
- Pay Miss W £100 compensation for distress and inconvenience.

My final decision

My final decision is that I uphold this complaint and I require Advantage Insurance Company Limited to put things right as I've set out above.

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

Ifrah Malik
Ombudsman