

The complaint

Mr D is unhappy with the decision made by Advantage Insurance Company Limited (Advantage) to cancel his car insurance policy.

What happened

Mr D took out a car insurance policy with Advantage in January 2023. The policy terms and conditions explained *'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: [including] You don't send us or your insurer information or documentation that your insurer reasonably requires to process your policy, or a claim, or to defend their interests.'*

On 6 October 2023 Advantage contacted Mr D saying that it needed confirmation of some of the details provided by Mr D when his policy was taken out. The email advised *'Once we have the information we need, we'll check it against your policy and contact you if you need to do anything else. If the details don't match the ones you gave us when you took out your policy, or we don't hear back from you by 13th October 2023, we may have to change or cancel your insurance'*. Mr D called Advantage to discuss what was needed. Mr D informed the Advantage representative about his car having alloy wheels and a stereo system.

On 11 October Mr D sent Advantage additional information. On 12 October Mr D contacted Advantage asking if everything had been received. But he couldn't hold on the call long enough to receive confirmation that it had. Later that day Mr D was told Advantage still needed a copy of the front of Mr D's driving license. Mr D was also informed about an additional requirement which hadn't been requested before. Mr D was asked to provide his driving license number, and was sent a link to a website to get this information. Mr D sent Advantage an email on the same day with details of his driving license number. Mr D received notification that his policy had been cancelled effective from 13 October 2023.

Mr D complained to Advantage about the cancellation. Advantage said Mr D had failed to provide a copy of the front of his driving license. And so the policy had been cancelled. The complaint response letter also advised *'It was also explained to yourself over the phone, that the modifications were unacceptable and cover could not continue on this basis.'*

Mr D was unhappy with this response, and brought his complaint to the Financial Ombudsman Service. The investigator said Advantage had acted unfairly in its decision to cancel Mr D's insurance. The investigator asked Advantage to do more to put things right. Advantage didn't agree. As the complaint couldn't be resolved, it has been passed to me for decision.

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.

I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Advantage say Mr D was given reasonable opportunity to provide the requested information. And because he failed to do this on time, his policy was cancelled in line with the terms and conditions explained when the policy was taken out. I've carefully considered Advantage's extensive comments in response to the investigator's findings. But I think Advantage needs to do more to put things right. I'll explain why.

It's accepted by Mr D and Advantage that Mr D failed to provide Advantage with a copy of the front of his driving license before the deadline of 13 October 2023. But I think several factors make Advantage's request for additional evidence unfair and unreasonable on the facts of this complaint.

Mr D wasn't asked for details of his driving license number until the day before the expiry of the deadline of 13 October. As this was a new request Mr D ought to have been provided with additional time to comply. Instead the request was made one day before the original deadline. This amounts to poor service.

This additional request, although reasonable, adding additional pressure to the already tight timeframe in which Mr D had been asked to provide additional evidence. I also note Advantage's comments that the driving license number *'was introduced at this point as perhaps a helpful alternative to the front of the licence but not necessarily as an additional piece of information. It is entirely reasonable to assume one had their driving licence close to hand, it was a reasonable request'*. I've seen that Mr D did provide details of his driving license number on time. If this information was being requested as *'a helpful alternative to the front of the licence'*, it's questionable why it wasn't accepted as complying with Advantage's original request.

During our investigation Advantage explained it was unclear why the modifications were used to justify cancellation of Mr D's policy. I think Advantage should've done more to clarify this information (and the impact on Mr D's policy) much earlier in the information gathering process. Alerting Mr D to the possibility of these features triggering a mid-term adjustment added further pressure to Mr D in sending the information requested. Especially as this was incorrect and could easily have been clarified in earlier communication with Mr D. I've seen that Advantage continued to use this reasoning to explain cancellation of the policy during its investigation of Mr D's complaint, and when sending its business file to this service.

All things considered I'm not persuaded Mr D was provided with reasonably opportunity to provide the front of his driving license, keeping in mind the circumstances of the request, and Mr D's timely response to all the other information requested on 6 October. Mr D has described the impact on him as a result of his policy being cancelled, and being without use of a car until new insurance was purchased at a much higher cost. The investigator recommended Advantage pay £150 to reflect the upset and inconvenience caused to Mr D. Having considered what Mr D has explained about the impact on him (including having to turn down shifts at work due to being without use of a car, and the cost of purchasing a more expensive policy), I'm persuaded £150 is fair in the circumstances.

Putting things right

Advantage Insurance Company Limited is directed to:

1. Refund £45 cancellation fee (if charged);
2. Refund the extra premium Mr D has had to pay to his new insurer. Advantage should calculate this by comparing the premium the Mr D was paying under the cancelled

policy and the premium paid for his new policy and refund the difference, assuming everything else remained the same;

3. Remove any record of the policy cancellation from internal and external insurance underwriting databases and give him Mr D a letter saying that Advantage cancelled his policy in error for him to show to future insurers. It is important Advantage also includes in this letter that it has refunded the difference in premium; and
4. Pay £150

My final decision

For the reasons provided I uphold this complaint.

Advantage Insurance Company Limited must follow my directions for putting things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 23 October 2024.

Neeta Karelia
Ombudsman