

The complaint

Mr B complains that Haven Insurance Company Limited (“Haven”) has treated him unfairly by cancelling his policy and its communication around this.

Any reference to Haven includes respective agents or representatives.

What happened

The circumstances of this complaint are well known between the parties. So, I’ve summarised events.

Mr B held his motor insurance policy with Haven. This was taken out through a broker (Company A). On 12 October 2023 Mr B said he received an email from Company A on behalf of Haven, notifying him that Haven had written to him by letter, and this letter would include details of additional documentation he’d need to provide to validate his policy and ensure it was maintained, and if he didn’t do so within 7 days the policy would be cancelled.

Haven says it sent this validation letter to Mr B’s home address on 12 October 2023. And that it said additional information had to be provided within 10 days. And if it wasn’t received, the policy would be cancelled for non-validation on 22 October 2023. This included a request for Mr B to provide proof of address which was dated within the last 30 days.

By 17 October 2023 Mr B said this letter hadn’t arrived, so he contacted Company A to try to resolve the matter over the phone or by email. Haven says it resent the letter in question on the same day. Mr B said this second letter also didn’t arrive.

On 25 October 2023 Mr B was contacted by Company A by email to say the policy was now cancelled. Haven provided a pro-rata refund for the time Mr B was on risk.

Following his cancellation, Mr B brought his complaint to Haven, saying it had handled matters poorly, questioned why it couldn’t communicate with him by email or phone call instead of letter, and said the cancellation had led to significant inconvenience for him and financial ramifications including higher premiums elsewhere. He also said the pro-rata refund wasn’t enough.

In December 2023 Haven provided a final response letter. This said it had sent two letters to Mr B’s home address on 12 October 2023 and 17 October 2023. It said it was unable to validate policies by email in the way he requested, and it highlighted its terms around policy validation and cancellation. So, it didn’t uphold the complaint.

The complaint came to this Service and one of our Investigators looked into things. She upheld the complaint, saying:

- Haven had cancelled the policy in line with its terms. But she wasn’t satisfied it had acted fairly in this case as it had failed to provide an addressed copy of the validation letter nor clear confirmation it was ever sent. She also wasn’t satisfied Haven acted reasonably by only providing this validation information by letter. And said Haven

hadn't been clear with Mr B why the policy was cancelled.

- The Investigator directed Haven to remove any cancellation markers and provide Mr B with a letter outlining the policy was wrongly cancelled that he could provide to his new insurer to have the current policy re-rated. And she awarded £400 in compensation for the distress and inconvenience caused.

Mr B disagreed, saying Haven should be responsible for the increased cost of insurance directly and challenged that his new insurer would consider this. He said he'd paid £3,282.22 (in premiums) for a service he didn't receive, and its lack of reasonable care and skill meant a pro-rata refund was not sufficient. Mr B reiterated the impact of its mistakes on him.

This didn't change the Investigator's mind, saying the pro-rata refund provided was correct for the period on risk. And while she agreed communication had been poor, she was satisfied £400 compensation was fair. So, the complaint has been passed to me for an Ombudsman's decision.

Since the assessment Haven has provided a copy of the validation letter it says it sent to Mr B with his correct address on the top of the letter.

The complaint was passed to me for an Ombudsman's decision. I issued my provisional thoughts on 29 August 2024 outlining why I intended to uphold the complaint. I've included an extract of this below.

"In this case, it's not in dispute that Haven's policy allows it to cancel a policy with 7 days' notice, nor is it in dispute that its policy allows Haven to validate details. These terms have been detailed elsewhere in full, so I won't repeat them here.

The dispute in this case is how Haven has handled the carrying out of those terms and whether it has done so fairly.

On its face, I'm satisfied Haven is able to validate a consumer's address. And I can understand why this information would be sent as a letter to the risk address if this is something it is specifically seeking to validate.

In this case, it's evident that Mr B was made aware there was more Haven needed from him as he's provided the email from Company A that highlights this. While this email didn't specify the exact information it needed, it did make it clear and put him on risk that Haven was seeking more from him. And it said if he didn't provide this information, the policy would be cancelled after 7 days.

Haven has provided me a copy of the letter it said went to Mr B on the same day. This letter has his address on it, the same one this Service has used. And it sets out that Haven wants supporting documentation from Mr B and that this must be done within 10 days or the policy would be cancelled.

Haven has also provided me with its internal notes which it says support that document was printed and sent on 12 October 2023. These notes state if the policyholder called to say the letter wasn't received, a letter could be resent.

The notes indicate another copy was produced on 17 October 2023 (after Mr B contacted it to say the first letter hadn't been received).

My role requires me to balance the available evidence and determine what is most likely in the circumstances. From what I've seen, the letters were correctly addressed to him, and Haven's system notes suggest they were sent twice.

I've taken into account Mr B's version of events. I accept it's possible the initial letter didn't arrive, and Haven's own notes reflect that this could be resent if it wasn't received. So it seems it would accept there are occasionally issues or delays in the post.

Mr B's engagement with Haven and Company A indicates to me that it didn't arrive. And his actions in requesting the information Haven wanted from him satisfies me he didn't know what he had to provide to avoid Haven cancelling the policy.

I recognise Mr B would've preferred this information request in a different format. Customer preference isn't enough in this case to persuade me that it would be reasonable for me to interfere with Haven's validation process. With that in mind, I understand why Haven didn't share this validation information it was seeking by email or over the phone and I consider its actions to do this in the format it chose to be reasonable.

But I've gone on to think about whether Haven has acted fairly in then cancelling the policy as it did. From what I've seen, the initial letters/emails he received told him he had 7/10 days respectively to provide the information or the policy was cancelled.

When he spoke to Haven on 17 October 2023, I think it would be right for Haven to accept that the initial letter wasn't received. And in doing so, acknowledge that by the time that second letter did arrive (some days later), it would leave Mr B without much time to respond or provide that information Haven was seeking.

Given the consequences of cancelling a policy, and Mr B's engagement with Haven across this time, I'd have expected it to have extended that timeframe to respond further. And also make it clear to Mr B that this was the case and any extended timeframes it provided. This includes communicating the cancellation in another format, so Mr B was clearly aware what was going to happen. As this information was never received, Haven cancelled the policy.

From what I've seen, after Mr B's call of 17 October 2023 requesting the letter was resent, he then received an email on 25 October 2023 stating the policy had been cancelled on 24 October 2023.

I'm not satisfied this timeframe or level of contact gave Mr B sufficient time to engage with this letter and information request (had the letter been received).

And as I say above, even if the letter was received, I'd have expected Haven to have reached out to Mr B in another format to give a further 7 days cancellation notice clearly setting out that the policy would be cancelled if that information it requested wasn't received by Haven in time.

This would've enabled Mr B to make an informed choice about how to tackle this situation. And I think the notice telling him the policy was cancelled the day after this happened was not sufficient in the circumstances.

For these reasons I'm not satisfied Haven has acted fairly or reasonably in this particular case. And I think any cancellation markers should be removed from any internal and external databases. It also follows that I think Haven should write to Mr B and provide him a letter that states he is not responsible for the cancellation, which will allow him to share this with his current insurer to re-rate his policy.

I accept Mr B has described paying higher premiums since, which seems most likely

to me. And I'm satisfied Haven taking the above steps would fairly resolve this matter. Mr B has said he doesn't believe it will and indicated this may be too late as he's some way into the new policy. I disagree, as I would think his insurer would look at the full year of cover when re-rating his circumstances. Or at very least, I've got nothing to support that insurer wouldn't take these steps.

Mr B has objected to the pro-rata refund Haven has provided. He has said this on the basis that he believes the contract has been carried out so badly without reasonable care or skill that his consumer rights should mean he's entitled to a refund larger than a pro-rata one. My role requires me to take the law into account – which I've done – but I'm not persuaded Haven needs to refund more than the time Mr B was on risk. I say this as ultimately he was insured for this period up until cancellation and I'm satisfied the remedy I've outlined within this decision is sufficient for the mistakes Haven has made.

I've gone on to think about compensation. Having thought carefully about all of the circumstances Mr B has described, I'm in agreement with our Investigator that a sum of £400 in the circumstances will fairly compensate him for the avoidable frustration, distress and inconvenience that has been caused to him."

I outlined I was planning on upholding the complaint for these reasons and gave both parties until 12 September 2024 to respond. Mr B responded to say he agreed to the decision. We haven't heard back from Haven.

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.

As neither party has provided me with anything new to consider, I see no reason to depart from my provisional decision.

My final decision

I'm upholding this complaint and directing Haven Insurance Company Limited to:

- Pay Mr B £400 compensation
- Remove all cancellation markers from any/all internal and external databases
- Write to Mr B outlining that the cancellation was not his fault in line with the above decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 17 October 2024.

Jack Baldry
Ombudsman