

## **The complaint**

Miss D complains that Admiral Insurance (Gibraltar) Limited cancelled her motor insurance policy due to non-payment of her monthly premium when she wasn't able to contact them to make the outstanding payment.

## **What happened**

Miss D had insurance for her car with Admiral. Her policy commenced on 30 December 2022 and was due to run until 30 December 2023. She'd chosen to pay her premium by monthly instalments. She missed her final payment and Admiral cancelled her policy on 27 December 2023.

Miss D has told us that she didn't have funds to pay her final monthly instalment until 25 December 2023. She tried to make the payment online but was unable to do so and was told to call and speak to an advisor. But due to the Christmas holiday Admiral's phone lines were closed. Miss D says that she was unable to get any assistance via Admiral's webchat or their emergency claims line on 26 December 2023.

Miss D was able to speak to Admiral on 27 December 2023 but was told her policy had been cancelled and her only option was to start a new policy, but she'd need to pay her annual premium upfront, as due to her history of missed payments she no longer had the option to pay in instalments by direct debit. And as Miss D had breached her credit agreement on her cancelled policy, Admiral said their system would block any attempt to offer this payment service.

Miss D raised a complaint with Admiral about not being able to make a payment on 26 December 2023 and not having the option of paying for a new policy by direct debit. Admiral issued their final response on 4 January 2024. They didn't uphold the complaint.

They said they'd first made Miss D aware that the payment of her last instalment had failed on 2 December 2023. They issued further letters and emails about the payment and advised her that they would only renew her policy once the payment had been made. And in their final email of 20 December 2023 they said they required a payment of £82.87 by 26 December 2023 for her cover to continue. So she needed to call them before this date. And they weren't open on 25 or 26 December 2023 due to the Christmas holiday.

Unhappy with Admiral's response to her complaint Miss D complained to our service. Before providing their opinion our investigator contacted Admiral and asked them to confirm if Miss D had been notified they would be closed on 25 and 26 December 2023. Admiral replied saying they hadn't, but they'd told her on 20 December 2023 that she needed to make a payment by 26 December 2023 or her policy would be cancelled. If she couldn't make a payment she was told to call them to discuss. And prior to sending this email they'd sent chaser letters about the outstanding payment on 2, 5, 7 and 15 December 2023, but Miss D hadn't contacted them.

Admiral advised us they'd also checked their online records and Miss D's only logon between 1 November 2023 and 31<sup>st</sup> January 2024 was on the 26 December 2023, when she

checked her billing summary and then tried to contact them. They say she'd have seen on the pages she visited details of their opening hours and that they were closed on 25 and 26 December 2023.

They also told us that once Miss D had been sent the email of 20 December 2023 advising her that her policy would be cancelled on 27 December 2023 she needed to speak to them to lift the pending cancellation. And their email of 20 December 2023 would have been sent to Miss D as her direct debit payment had been unsuccessful twice and her credit agreement was being terminated. In these circumstances customers are told, as Miss D had been, that their policy would be cancelled in seven days if the outstanding payment wasn't received.

Our investigator provided her opinion on the complaint on 4 June 2024. She didn't uphold the complaint. She said the final payment for Miss D's policy was due to be taken on 30 November 2023, but this didn't go through. Admiral then sent chaser letters and emails to her on 2, 5, 7 and 15 December 2023 but she didn't contact them to advise them she was struggling to pay, although she's said she would've been able to make a payment on 25 December 2023.

The final letter Admiral sent Miss D on 20 December 2023, said she needed to pay the outstanding amount by 26 December 2023, or her policy would be cancelled on 27 December 2023. And she needed to have contacted them before 26 December as their offices were closed on 25 and 26 December 2023.

But despite all the letters and emails Admiral sent her Miss D made no attempt to contact them to let them know she had no funds available until 25 December 2023, or to set up a plan to prevent cancellation of her policy. Our investigator said we expect businesses to treat their customers sympathetically and with understanding. And had Miss D contacted Admiral to explain she couldn't make a payment until after the Christmas break, she felt they'd have been understanding and would have agreed to her making the payment once she had funds.

Our investigator was satisfied that Miss D needed to call Admiral before 26 December 2023. When she did call them on 27 December 2023 Miss D was told her policy had been cancelled due to non-payment. And that if she wanted a new policy the only option was to pay for it upfront in full, as due to her history of missed payments a monthly payment option wasn't available. Our investigator thought this was reasonable given Miss D's history of missed payments.

Miss D wasn't happy with our investigator's opinion. She said she was originally told that she had until 30 December 2023 to make the outstanding payment, but Admiral changed this to the payment being required during the Christmas period. She was also concerned about the impact of having to declare the cancellation. Given that the payment was the last one due under the policy and this was paid, our investigator asked Admiral to confirm how the cancellation had been recorded. Admiral confirmed that Miss D's policy was cancelled for non-payment and the last payment was made after the cancellation. And Miss D would need to declare the cancellation when applying for other motor insurance.

Our investigator asked Admiral whether they'd be prepared to agree to recording the policy as cancelled by Miss D, as she had financial problems and the cancellation was likely to impact these further. Admiral weren't prepared to agree to this as they said Miss D set up the direct debit payments and chose the payment date. And she was sent multiple documents advising her that her payment had been declined, both by post and email, and had ample opportunities to rectify the situation.

Our investigator issued a further opinion on 17 July 2024. In this she said that she still agreed that it was reasonable for Admiral to ask Miss D to pay for her policy upfront if she

wanted to renew it.

But she'd spoken to Miss D about the impact having to declare the cancellation was having on her insurance when she was already struggling financially. And she had other issues at the time that were affecting her mental health. She said she'd asked Admiral if they were prepared to show the policy as being cancelled by Miss D but they didn't agree.

Our investigator said she was now upholding the complaint and asking Admiral to show the policy as having been cancelled by Miss D. She said she was asking them to do this not just because Miss D was struggling financially, but also because the payment was due so close to the Christmas break.

Admiral have confirmed that Miss D wouldn't have been able to make a payment online and needed to speak to them. And this needed to be done by 27 December 2023. Miss D called Admiral on this date but her policy had already been cancelled. She made the last payment for her policy on the same day it was cancelled, so our investigator didn't think Admiral's actions were fair and reasonable.

Having an insurance policy cancelled can affect future premiums for customers so our investigator said she really needed to consider whether in the circumstances cancellation was the right thing to do, and on this occasion she didn't think it was.

Admiral didn't accept our investigator's further opinion. They said that while they sympathised with Miss D she didn't contact them despite the letters they sent her. And changing the method of cancellation would be manipulating the system for financial gain, as our investigator was asking them to change their records to create a wrong picture of Miss D. There was no evidence she'd tried to call them before Christmas, their opening hours were advertised on the website and she'd had plenty of opportunities to call them before the bank holidays.

The case then came to me for a decision. I issued my provisional decision on 13 September 2024. In it I said: -

I'm going to deal first with Admiral saying they couldn't renew Miss D's policy unless she paid her annual premium in full and in advance. When her credit agreement was set up Miss D chose the payment date, so she should have been aware of the date when funds needed to be available for her direct debit to be taken.

She's now made us aware of the financial and other difficulties she's been experiencing, but during 2023 there were six defaults on her monthly payments. This led to her credit agreement being terminated in December 2023. With this history I'm persuaded that it was entirely reasonable for Admiral to tell Miss D they could only offer her a new policy if she paid for this in advance.

Miss D's policy was cancelled on 27 December 2023. Her policy was due to end on 30 December 2023. Her final monthly direct debit payment of £82.87 was due on 30 November 2023 and the payment failed. Miss D doesn't dispute that Admiral contacted her about her failed direct debit and the outstanding payment. So she knew on 2 December 2023 that her direct debit payment had failed. And the further letters and emails she received up until 20 December 2023 warned her of the consequences of not making the payment and invited her to contact Admiral if she was in financial difficulties.

Miss D has told us that she made one attempt to call Admiral, but this was during her lunch break, she was in a queue and had limited time, so she had to hang up. She's also shared details with us of some of the difficulties she was experiencing at the time.

While I understand it can take time for a call to be answered, had Miss D spoken to Admiral then this whole situation could have been avoided. If she'd told them about her financial and other difficulties I'd have expected Admiral to deal sympathetically with her request to make the payment after 25 December 2023, when she's told us she knew she'd have the funds.

Miss D has told us she thought she had until 30 December 2023 to make the payment and it was only in their email of 20 December 2023 that Admiral said the payment needed to be made by 27 December 2023. She believes that she was entitled to rely on making the payment by the 30 December 2023. She says she was waiting to contact them until 25 December 2023, knowing she'd have the money, and Admiral misled her by saying in their letter of 20 December 2023 that she could contact them at 'any point' before 27 December 2023. When this wasn't correct as they were closed on 25 and 26 December 2023.

I've said I think Admiral gave Miss D notice of her missed payment and the likely consequences if it wasn't paid. But I need to consider whether the correspondence she was sent was misleading.

Admiral's email of 5 December 2023 told Miss D that her direct debit payment had failed, that she needed to take steps to pay her arrears by 19 December 2023 and set out the possible consequences of failure to make the payment.

Their email of 7 December 2023 reminds her that her policy is due for renewal on 30 December 2023, that she has an outstanding payment of £82.87 which they'll attempt to take shortly and they'll send her renewal documents when the payment is received. If the payment isn't received by 30 December 2023 she's told her cover will end on that date at 00.00.

The next email was on 15 December 2023 and told her the further request for the direct debit payment has failed and she needs to call them immediately to discuss payment options

Admiral's email of 18 December 2023 asks her to contact them to arrange to make the outstanding £82.87 payment. It states her policy is due for renewal on 30 December 2023 but makes no reference to cancellation.

Looking at the email Admiral sent Miss D on 20 December 2023 this says she 'must pay the total amount due by 26/12/23 or your insurance policy will be cancelled at 00.01 on 27/12/23.'

While I think the correspondence Miss D was sent is clear I also think that telling her she needed to make the payment by 26 December 2023 suggested she would be able to make the payment up to this date. And this isn't correct as she needed to call Admiral to make the payment and their phonelines were closed for Christmas on 25 and 26 December 2023.

Admiral have told us that their closure dates were advertised on their website and Miss D would have seen these on the web pages she visited. Unfortunately, by then it was too late as she wasn't able to speak to them until 27 December 2023, by which time her policy had been cancelled.

Cancelling a policy can have a significant impact. The consumer will have to tell future insurers they've had a policy cancelled. Cancellations are often taken into account when offering insurance and calculating premiums, so it's likely the cost of future policies will be higher. And there isn't a time limit on how long a consumer might have to declare a cancelled policy for as insurers will often ask if the consumer has ever had a policy cancelled.

So I need to ensure that the policy was cancelled in line with the terms and conditions of Miss D's policy and that cancelling the policy was fair to her given all the circumstances of the case.

Miss D's policy says that Admiral can cancel the policy '*at any time by sending seven days' notice in writing to your last known address.*' It then sets out a list of reasons why the policy may be cancelled. This includes '*if you fail to pay any premium.*'

In UK law for the purpose of service of documents Bank Holidays, Christmas Day and Good Friday don't count. So while the policy only refers to giving 'seven days notice in writing', as the notice Miss D was given included Christmas Day and Boxing Day, which are Bank Holidays and Admiral weren't open so she couldn't contact them by phone, I think it's arguable that she wasn't given sufficient notice.

And I think that when they wrote to her on 20 December 2023, saying she needed to make a payment by 26 December 2023, they should have made it clear that she needed to contact them by telephone by 24 December 2023 to make the outstanding payment.

While Miss D could have contacted Admiral before Christmas to let them know about the financial difficulties she was facing, I don't think they gave her sufficient notice of the cancellation of her policy. Or having told her she needed to make a payment by 26 December 2023 to prevent her policy being cancelled, made it clear that their offices would be closed on 25 and 26 December 2023, so she needed to contact them before this.

So I don't think Admiral acted fairly and reasonably when they cancelled Miss D's policy. To put things right I require them to remove the cancellation of her policy from her records. And to ensure that the CUE database is updated accordingly.

I've said that the cancellation of a policy can have significant consequences. Miss D has told us that as she wasn't able to renew her policy with Admiral or find affordable insurance elsewhere she's now sold her car. I considered whether I should ask Admiral to pay her any compensation, and in the circumstances of this case I don't think they need to. This is because Admiral would have offered Miss D a new policy provided she paid her premium in advance. And given the number of direct debit payments she missed and paid late during the policy period I think requiring payment in advance was entirely reasonable.

So my provisional decision was that I upheld Miss D's complaint.

### **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.

Both Miss D and Admiral have confirmed that they accept my provisional decision so I don't intend to review or comment further on my findings.

### **My final decision**

For the reasons set out above my final decision is that I uphold Miss D's complaint about Admiral Insurance (Gibraltar) Limited.

And to put things right I require them to remove the cancellation of her policy from Miss D's records. And to ensure that the CUE database is updated accordingly.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept

or reject my decision before 30 October 2024.

Patricia O'Leary  
**Ombudsman**