

The complaint

Mr M complains that AXA Insurance UK plc unfairly cancelled his motor insurance policy.

What happened

Mr M had a car insured on a policy with AXA. For the year from mid- August 2023, he renewed the policy. The policy covered Mr M as policyholder and his mother and father as named drivers.

The cost for the year was going to be about £1,600.00. Mr M had to pay monthly instalments of about £150.00 by direct debit at the end of each calendar month.

After issues with payment, AXA cancelled the policy with effect from 8 February 2024. On Mr M's behalf, his mother complained to AXA that it hadn't communicated with him properly about the cancellation.

By a final response dated 14 March 2024, AXA turned down the complaint.

Mr M brought his complaint to us in early April 2024. He asked us to direct AXA to remove the cancellation.

Our investigator didn't recommend that the complaint should be upheld. Having considered the terms and conditions of the policy, she thought on balance AXA are clear about what their rights are, and what they may do around the cancellation of policies.

Mr M disagreed with the investigator's opinion. He asked for an ombudsman to review the complaint. His mother says, in summary, that:

- AXA did not text her son.
- AXA said that on 15 September 2023, they sent a letter sent to his home address. No letter was sent out.
- AXA's final response stated they do not contact by telephone.
- The only email from AXA saying they will cancel his insurance was dated 1 February 2024.
- This whole situation with AXA has caused her and her son a lot of stress & anxiety.
- He is now having to sell his car. The only saving grace is his employer has given him a works van to use, otherwise he could have lost his job.
- She and her son ask that AXA do not say it cancelled his policy, so he can get another insurance policy with a different company.

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.

AXA's policy terms included the following:

"General Conditions...

11. Payment of premium

...

Should you fail to make your payment(s) in full and by the due date, we will contact you. For the first 3 defaults within any period of insurance, if payment has not been received within 7 days of us contacting you, we will send you a reminder via text and email.

If payment remains outstanding after 3 working days of this reminder, we will contact you again to provide a final date for payment. If we are still unable to collect payment from you, we will seek to recover your payment(s) and may:

a) Cancel your policy 14 days after our initial contact with you. We'll let you know about this in writing to either the email address or postal address last known to us (usually the ones listed on your policy).

...

If there is a fourth default within any period of insurance, decide not to make any further attempts to collect the outstanding premium and may cancel the policy immediately.

...

12. Cancelling your policy

...

We may cancel your policy by giving you a minimum of 7 days' notice:

...

e) if you do not pay your premium (see General condition 11)."

So AXA had said that, after each of the first three missed payments, it would contact the customer, wait seven days, send a reminder by text and email, wait three working days, then contact the customer again with a final date for payment, then it might contact the customer again to cancel the policy.

AXA also said that, after the fourth default, it might cancel the policy immediately. However, AXA also said that it would give a minimum of seven days' notice of cancellation.

In any event, unless the insurer gave at least seven days' written notice, we wouldn't find a cancellation fair.

Mr M failed to make the payment due in late August 2023 on time. There's no evidence that AXA sent a text at that time. I've seen an AXA email dated 31 August 2023 including the following:

"It's important that you pay on time. If you continue to miss payments, your policy will be cancelled"

I've also seen an AXA email dated 8 September 2023 including the following:

"If a payment is not made, we could cancel your policy"

I've also seen a text dated 11 September 2023 to Mr M including the following:

"You have an outstanding payment for your insurance policy ... Please contact us on 0330 024 1229 by 8pm today to avoid any further action."

Mr M failed to make the payment due in late September 2023 on time. I haven't seen any evidence that AXA contacted Mr M at that time.

Mr M failed to make the payment due in late October 2023 on time. There's no evidence that AXA sent a text at that time. I've seen an AXA email dated 31 October 2023 including the following:

"As this is your 3rd missed or late payment, if this happens again your policy will be cancelled".

Mr M failed to make the payment due in late January 2024 on time. I've seen an AXA email dated 1 February 2024 including the following:

"As you have now missed 4 payments on your policy, we'll cancel your policy on 08/02/2024"

I accept that AXA's email dated 16 February 2024 to Mr M's mother included the following:

"15/09/2023 - Letter sent to home address"

I don't find that AXA had sent any such letter. I consider that AXA made a mistake. I don't condone that.

Also AXA's final response dated March 2024 included the following:

"As AXA are an online insurer, email is our primary method of contact and we do not contact customers via telephone regarding missed or late payments"

Mr M's mother has read that as saying that AXA doesn't send texts to customers via telephone. However, I consider that AXA meant that it didn't make voice calls regarding payments.

Nevertheless, in relation to the first three missed payments, I'm not satisfied that AXA followed its own policy term about contacting Mr M, in particular by text. I don't condone that.

I'm satisfied that AXA sent the text dated 11 September 2023 to Mr M on his correct telephone number. Also I'm satisfied that AXA sent all the above emails to Mr M at his correct email address. So, whilst I've noted that Mr M lives with dyslexia, I can't hold AXA responsible for him not seeing the emails at the time each was sent.

Notwithstanding that it hadn't followed its own policy term about contacting Mr M following the first three late payments, he had made a fourth default by late January 2024. AXA didn't need to contact him again, save to give the seven days' notice of cancellation. I would've expected AXA to send a further email after the cancellation took effect on 8 February 2024. Nevertheless, Mr M's mother has said that he had received the seven-day notice, so he was able to avoid driving while uninsured.

Notwithstanding that it hadn't followed its own policy term about contacting Mr M following the first three late payments, and notwithstanding its mistake about sending him a letter, the fact remains that Mr M had made a fourth default.

So I don't conclude that AXA treated Mr M unfairly by cancelling the policy on seven days' notice. I don't find it fair and reasonable to direct AXA to change its record that it cancelled the policy, or to do any more in response to this complaint.

My final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct AXA Insurance UK plc to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 26 November 2024.

Christopher Gilbert

Ombudsman