

The complaint

Miss L complains that Advantage Insurance Company Limited incorrectly cancelled her motor insurance policy.

Where I refer to Advantage, this includes the actions of its agents and claims handlers for which it takes responsibility.

What happened

The detailed background to this complaint is well known to both parties, so I'll only summarise the key events here.

In July 2023, Miss L received her renewal notice from Advantage. It said her motor insurance policy would automatically renew on 23 August 2023 for the annual cost of £910.60. Miss L tells us that as she was experiencing financial difficulties, she called Advantage to see what the monthly cost of the policy would be.

On the call, Advantage re-rated the policy and tried different types of cover and payment options to see if the price could be reduced. Miss L tells us she informed Advantage that she would call back, but she didn't say that she wouldn't be going ahead with the renewal.

On 22 August 2023, Advantage emailed Miss L to advise that her policy wouldn't be renewed. Miss L tells us she didn't see the email until later the next day, after she'd unknowingly driven with no insurance in place. Once she realised, she had to quickly find a new policy, but she couldn't find one for less than £2,000.

Miss L raised a complaint, and Advantage offered her £45 in recognition of the number of times she'd called. As she wasn't happy with this outcome, she brought her complaint to our Service.

Advantage has told us there was an error code on Miss L's policy which was overridden when it sent out the renewal notice. But when the policy was re-rated, the error code returned and caused the policy to incorrectly cancel. It said it would offer Miss L an additional £100 compensation for this error.

Our Investigator didn't think Advantage had done enough to put things right. She recommended £250 compensation. But neither Miss L nor Advantage accepted this outcome, so the complaint was passed to me to decide. And I issued the following provisional decision.

My provisional decision

It's not in dispute that Advantage incorrectly cancelled Miss L's motor policy which was set to renew automatically for £910.60. Advantage accepts this was an error on its system and has offered compensation. So I don't need to decide whether Advantage has done something wrong here – it has. What I need to decide is whether it's done enough to put things right.

When a business has done something wrong or unfair, we'd expect it to put its customer back in the position they would've been in had everything been done correctly.

In this case, if Advantage had done everything correctly, Miss L would've renewed her motor insurance for the cost of £910.60 for the year.

Instead, Miss L was in a position where she'd have to pay significantly more than that. Had she taken out a policy elsewhere for £2,000, I would've directed Advantage to pay the difference between the cost of the two policies, putting her back in the financial position she would've been in.

But Miss L couldn't afford to insure her car for £2,000. She was already in financial difficulty and had spoken to Advantage about making her current policy more affordable. So she had to forgo her car, and she's been using public transport since. She tells us a family member has insured her car but that she's not a named driver on it. I've thought about the impact this has had when deciding how Advantage should compensate Miss L.

Advantage says Miss L was only impacted for one day as this is how long she was without insurance for. But this is not correct. Advantage's actions have impacted Miss L for 12 months, which is the length of time her policy would've been in place. It has caused financial distress to a customer who had already made it aware of the difficulties she was facing.

I've no doubt Miss L would've experienced distress and inconvenience as a result of Advantage's actions. She tells us that her commute to work now consists of several connecting buses and a long walk from the bus stop, which takes several hours instead of 30 minutes in the car.

In addition, Miss L used to support her sibling with childcare, by picking up her niece and nephew from school each day. She's no longer able to do this, as there is no direct bus route from her workplace to the school and the timings wouldn't work. She's also been unable to engage in pastimes which she used to drive to, and this has had an impact on her mental wellbeing.

Miss L hasn't been able to provide evidence of her out of pocket expenses for the public transport. She says she purchased the tickets on the bus each day and doesn't have receipts or bank statements to show the payments. As such, I can't direct Advantage to pay these losses, however I've taken them into account when reaching an award for compensation.

I appreciate no amount of compensation will make up for the impact Advantage's actions have had on Miss L's day to day life, but I agree with her that the amounts offered to date don't reflect the inconveniences she's faced. So I intend to award compensation of £600 to resolve this complaint.

Responses to my provisional decision

Advantage has requested evidence of the increased insurance costs as well as proof that the car is insured in someone else's name. It has raised concerns that Miss L didn't provide details of the impact she's faced to Advantage directly. And it questions how I can arbitrarily award £600 in compensation for travel costs of which I've seen no proof.

Miss L didn't respond.

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 had any further submissions for my consideration, I see no reason to deviate from the outcome explained in my provisional decision. But, for completeness, I will provide further clarity in order to respond to Advantage's concerns:

- As Miss L didn't take out alternative insurance in August 2023, understandably she can't provide proof of the increased insurance costs. I'm satisfied, based on her testimony and the fact she didn't take out alternative cover, that the cost of another policy was more than what she would've paid Advantage.
- As the car is now insured in someone else's name, it's not reasonable to expect Miss L to have access to and to share policy documents containing another person's personal data. Advantage has already informed us that it has looked into the insurance situation on CUE.
- Under the DISP rules, Miss L was required to raise her complaint to Advantage directly. And Advantage was required to investigate it. I can see this was done and Advantage issued its final response rejecting the complaint in September 2023. As such, I'm satisfied Advantage had sufficient opportunity to explore with Miss L how she'd been impacted.
- The compensation awarded is for distress and inconvenience based on how Miss L has been impacted by Advantage's actions. Whilst I've taken into account her out of pocket expenses when reaching a compensation award, as Miss L has been unable to provide proof, I haven't awarded anything for her travel costs. Compensation isn't an exact science as it's not possible to quantify the distress and inconvenience someone has experienced. But I'm satisfied £600 fairly reflects what's gone wrong and the impact this had.

My final decision

For the reasons I've explained, I direct Advantage Insurance Company Limited to pay Miss L compensation of £600.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 12 November 2024.

Sheryl Sibley
Ombudsman