

The complaint

Mr B was unhappy with how the cancellation on his car policy was communicated by West Bay Insurance Plc ("West Bay"). Mr B had representation on his complaint, but for ease and simplicity, I'll only refer to Mr B.

What happened

West Bay had reason to cancel Mr B's "black box" motor policy. It said there was evidence of Mr B breaking the conditions of the policy. West Bay tried to give notice of the cancellation to Mr B by both telephone and email. It said it left voice messages on Mr B's phone.

Mr B said West Bay didn't give notice for the cancellation of the policy in the way that is communicated in the terms and conditions. Mr B has shared the terms, which state *"we reserve the right to cancel your policy if you do not comply with your material obligations. In this instance you will be issued with a 7-day recorded delivery cancellation letter"*. Mr B said his broker has acknowledged a recorded letter wasn't sent.

Mr B doesn't think the cancellation of his policy was valid and he feels he lost the opportunity to challenge West Bay on its reasons for cancelling it. Mr B said it's likely the email went into his "junk box" and he said he didn't pick up the voice calls. Mr B is feeling stressed as he can't get other insurance now as he has a cancellation marker against his name, and it has impacted his employability as he can't drive. Given his specific circumstances, he feels the recorded letter was important. He'd like his policy reinstated.

Our investigator decided not to uphold the complaint. He thought West Bay had tried to contact Mr B by email and telephone, so he thought Mr B ought to have known his policy had been cancelled. Mr B disagreed, so the case has been referred to an ombudsman.

My provisional decision

I issued a provisional decision on this on 3 October 2024. I said:

"I want to clarify what my decision can cover in relation to this complaint i.e. clarify what my jurisdiction is. Mr B raised a complaint in relation to how the notice of cancellation was communicated by West Bay (or its representatives). He hasn't complained about the cancellation decision itself. Therefore, my decision will only look at this first point and not the cancellation decision."

West Bay have explained that it tried to contact Mr B several times leading up to the cancellation to discuss his policy and specifically his use of the "black box" that was integral to his policy. It has explained how it sent Mr B emails and called him to give notice of his cancellation. However, Mr B has argued that West Bay are in breach of its terms and conditions as it gave notice by different means to that outlined in its policy (i.e., by post that is recorded).

I've checked the policy and I can see it's clear that West Bay should give Mr B notice by recorded post ahead of cancelling his policy. I can see it has been acknowledged this wasn't done. Therefore, as West Bay hasn't followed the terms of its own policy, I intend to uphold this complaint.

West Bay have cancelled the policy, so it wouldn't now be possible to reinstate it this long after the event. I'm also conscious West Bay may have had good reason for cancelling the policy, but given this is not in my jurisdiction, I won't look at this.

However, as Mr B lost the benefit of his policy due to West Bay cancelling it without giving proper notice, I intend that West Bay reimburse the premiums for the remainder of the policy term (i.e. from the date of cancellation to the end of term). As cancellation wasn't at Mr B's request, West Bay shouldn't deduct any administration fees when refunding the outstanding premium.

I've also considered the cancellation marker that is now against Mr B's name. As I've said, I've not considered the reasoning for the cancellation itself. However, I'm aware having a cancellation marker against your name can have long lasting consequences. Even more so, for the demographic who usually buy a "black box" policy.

Therefore, as I don't think the cancellation notice was valid. I don't think it's fair a cancellation marker is recorded against Mr B's name. Therefore, I intend that the cancellation marker is removed.

I think this is the most reasonable outcome to allow both parties to move forward fairly from this complaint".

Developments following my original provisional decision

Both parties responded to my provisional decision, which led me to issue an updated position where I said:

"West Bay has clarified that there are two sets of terms and conditions in play – the broker's and the Insurer's (West Bay Insurance plc). As it is the broker who hasn't complied with its own terms and conditions in issuing a recorded delivery letter for cancelling the policy, it seems unfair to hold West Bay responsible for this error. Therefore, I don't intend to uphold this complaint (against West Bay Insurance plc).

Potentially, Mr B could be further penalised if a cancellation marker is recorded against his name in respect to this policy on CUE (Claims and Underwriting Exchange). Fortunately, West Bay have confirmed in writing that this is not the case, so there shouldn't be an impact on Mr B securing an affordable insurance policy in the future.

In summary, I'm not asking West Bay Insurance plc to do anything as I don't think it has done anything wrong".

Responses to my second provisional decision

Both parties have accepted by second provisional decision. West Bay didn't have anything further to add. Mr B is happy with the complaint being closed now that West Bay has confirmed no cancellation marker exists against Mr B's name. I've asked our investigator to share with Mr B written confirmation of this.

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 both parties agree with my second provisional decision, I haven't changed it.

My final decision

My final decision is that I don't uphold this complaint. I don't require West Bay Insurance Plc to do anymore.

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

Pete Averill
Ombudsman