

## **The complaint**

Mr S complains that Haven Insurance Company Limited cancelled his commercial motor insurance policy but didn't explain why. He's also unhappy that it incorrectly recorded a fault claim against him. He wants the cancellation and claim removed and compensation for his losses.

## **What happened**

Mr S took out a policy with Haven and it asked him for documents to validate his policy or it would cancel it. Mr S said he provided these documents. But Haven said one document was in an incorrect format and another was missing some information. It said it asked Mr S to provide these again. As he didn't, it then cancelled his policy and recorded this on an external database. It said it wasn't responsible for recording the fault claim.

### *our investigator's view*

Our Investigator didn't recommend that the complaint should be upheld. She thought Haven had reasonably alerted Mr S by email and letter that two validation documents were unacceptable. She didn't see evidence that Mr S had provided these within seven days as required. And so she thought Haven had fairly cancelled the policy. And she thought the fault claim had occurred before Mr S took out cover with Haven, so Mr S should raise this with his previous insurer.

Mr S replied that he had sent the requested documents on the same day that Haven asked for them. He said the disputed incident had occurred whilst he was insured with Haven.

### *my provisional decision*

After considering all the evidence, I issued a provisional decision on this complaint to Mr S and to Haven on 7 November 2024. I summarise my findings:

Haven provided evidence of Mr S's claims history from the Claims and Underwriting Exchange (CUE) database. There were two claims against Mr S. From what I could understand, both claims were recorded on CUE as occurring after Mr S first took out his policy with Haven. So Haven was responsible for how the claims were recorded.

The one he has disputed was correctly recorded as "for notification only". But there was another claim made a month earlier involving a quad bike where the insurer didn't recover its outlay and so this was recorded as a fault. This is standard industry practice, and so I couldn't say that Haven had recorded this incorrectly.

Mr S was adamant that he had sent in the required documents to validate his policy on the day they were requested. I asked Haven to provide the email he sent it to show the documents. Haven said two documents Mr S provided were unacceptable. It told him the required documents were:

*"Copy of your Log Book (Front Page and 1st inside page)*

*Proof of purchase/payment (website the policy was purchased on, or phone number)."*

I could see that Mr S sent in all four pages of his log book, including the front page and the first inside page in a common document format that was also used for other documents he

sent in. And these pages were legible. So I couldn't say why Haven wouldn't accept them and it hadn't provided a reason.

And I could also see that Mr S sent in his receipt for payment of his policy with Haven. This included the website and phone number of the broker that provided the policy. So, again, I couldn't see why this wasn't acceptable to Haven and it hadn't provided a reason.

Haven said that it sent Mr S an email alerting him to an important letter it had sent to ask him for additional validation documents. It said this letter contained a request for him to resend the two unacceptable documents or it would cancel the policy within seven days.

I hadn't been provided with a copy of this letter. And Mr S hadn't said whether or not he received it. But, as he had already sent in the required documents and I couldn't see why they were unacceptable, then I didn't think this was now relevant as he had already done what Haven had asked to validate his policy.

And so I thought Haven unfairly cancelled Mr S's policy. I thought it should remove any records of the cancellation and provide Mr S with a letter stating that the policy was cancelled in error. I thought Mr S could provide this letter to his current insurer and ask it to recalculate his premium. This matter has caused Mr S significant stress and upset over a period of nine months. I thought Haven should pay him compensation for this. And I thought £400 compensation was in keeping with our published guidance for the impact caused by its error.

Subject to any further representations from Mr S and Haven, my provisional decision was that I intended to uphold this complaint. I intended to require Haven Insurance Company Limited to remove records of the cancellation of Mr S's policy from any internal and external databases where it's been recorded and provide him with a letter stating that his policy was cancelled in error. I also intended to require Haven to pay Mr S £400 compensation for the distress and inconvenience caused by its unfair cancellation of his policy.

### **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.

Mr S replied and told me that his current insurer wasn't able to provide a quote for how it might re-rate his premium if the cancellation was removed. He said he had to pay a premium increase of about £1,000 more for his new policy. And he said the insurer had rated on him having two fault claims on his CUE record.

Firstly, I've looked at the CUE record and I can see that one claim is recorded as "for notification only" and the other is "fault". If Mr S wants a copy of this record, he should ask our Investigator to provide it. He should then ask his new insurer to consider it.

I've then thought about the increased premium Mr S paid with the cancellation disclosed. Our approach where we think a cancellation was unfair, is that we need to put the customer back in the position they would have been in had the cancellation not happened.

Where a consumer has paid more for a new policy as a result of the insurer's error in cancelling the policy, we'd usually say it's fair for it to refund the extra premium the customer has had to pay to their new insurer.

The fairest way to work out what to tell Haven to pay is to compare the premium Mr S was paying under the cancelled policy and the premium he paid for his new policy and refund the difference, assuming everything else remained the same. So I've asked Mr S to provide evidence of the cost of his new policy, with the correct claims history, and with the cancellation disclosed.

Mr S said he had to take out finance to cover the cost of his new policy. I can understand that this must have been challenging for Mr S. But I can't reasonably hold Haven responsible for his financial circumstances. So I can't ask it to refund the cost of his finance.

So I thought the letter Haven provides stating that the policy was cancelled in error should also explain that it has refunded the difference in premium. I asked Haven and Mr S for any further comments about this.

Haven said that Mr S's new insurer should rerate his premium. But I don't think this would necessarily make good Mr S's losses. Mr S didn't provide any further representations. So I'm satisfied that this refund plus the redress set out above will restore Mr S's position and reflects the impact caused by the error.

### **Putting things right**

I require Haven Insurance Company Limited to do the following:

1. Remove records of the cancellation of Mr S's policy from any internal and external databases where it's been recorded.
2. Refund Mr S the difference between the costs of the cancelled policy and his new policy (with the correct claims history) after he provides evidence that the cancellation was disclosed in obtaining it.
3. Provide Mr S with a letter stating that his policy was cancelled in error and explaining that it has refunded the extra premium he paid to his new insurer because of this.
4. Pay Mr S £400 compensation for the distress and inconvenience caused by its unfair cancellation of his policy.

### **My final decision**

For the reasons given above, my final decision is that I uphold this complaint. I require Haven Insurance Company Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 24 December 2024.

Phillip Berechree  
**Ombudsman**