

The complaint

Mr O was unhappy his telematics motor policy was cancelled unfairly with Advantage Insurance Company Limited (“Advantage”).

What happened

Mr O had a telematics policy with Advantage, which required him to fix a small device in his car so that Advantage could extract driving data to assess Mr O’s driving capability and behaviour.

However, as Mr O used his car infrequently, Advantage said it had received insufficient driving data from the device in Mr O’s car. After sending cancellation notices to Mr O, Advantage cancelled Mr O’s policy as no driving data had been received for a period.

Mr O called Advantage to explain that he used his car infrequently, but Advantage explained that Mr O should drive his car at least once a week, so data can be shared. Mr O challenged Advantage on the fairness of the cancellation. He said the policy wasn’t clear on what the requirement was for sharing data.

Mr O feels that Advantage has been dismissive even though the terms of the policy do not properly define driving data. He wants the policy to be reinstated and the insurers to pay financial compensation to reflect the loss of use of the vehicle and the inconvenience he’s suffered.

Our investigator decided not to uphold the complaint. She thought Advantage had acted in line with the policy terms in cancelling the policy. Mr O disagreed, so the case has been referred to an ombudsman.

My provisional decision

I made a provisional decision on this on 19 November 2024. I said:

“I’ve started by considering what terms Advantage relied on when cancelling the policy. The policy states, Advantage have a right to cancel the policy if:

“You share an insufficient amount of driving data with us during your policy, we do not receive any driving data for more than 28 days, or a significant proportion of your driving data is captured without you using the app”.

As Mr O’s vehicle hadn’t been driven for a period of 28 days Advantage said it didn’t retain any driving data for that period. Mr O has challenged Advantage on this point. He has told our service that the terms and conditions don’t define what is meant by driving data. He’s also said the device in his car has been in position all the time, so if Advantage wanted to extract driving data it could, albeit as he hadn’t driven the car, the data would’ve been zero or blank.

Advantage have since clarified to Mr O over the telephone that it thinks Mr O should be driving his car “at least once a week”. I have sympathy for Mr O’s position. I don’t think

Advantage has made Mr O aware of this requirement when he purchased the policy and I don't think this point is clear in the terms and conditions either.

I think if this was a requirement for Mr O, then I think this is a significant point and I think it should've been highlighted clearly when Mr O bought the policy. As I don't think the policy is clear that Advantage has the right to cancel in Mr O's circumstances, I intend to uphold this complaint.

I have tried to clarify for myself what the impact to Advantage would be if Mr O hadn't driven his car for a period. I haven't seen that Advantage has raised any issues with Mr O that it thought his behaviour was suspicious in anyway. I've shared my view with Advantage that I think it seems reasonable to conclude the limited driving information was because of infrequent use.

I have asked Advantage to help me understand how the infrequent use has changed the risk profile of it providing cover, which has led to your decision to cancel? Then, I've asked it to share evidence that you have shared this issue with Mr O to help him understand in order that he can use the car more.

Advantage said "Mr O has taken a YouDrive policy with us, this is a policy which is more attractively priced in exchange for personal driving data. We are able to adjust the price in this fashion as the result of a telematics device being installed which monitors the customers driving".

Advantage said "It is not the risk profile that changes because of data not being shared, but more the departure from the agreement we had at inception; namely that driving data should be shared every 28-day period. In exchange for this commitment, we can offer a lower price. This sentiment is well documented both in the policy terms, and at point of inception, point of sale and in every reminder that we sent subsequently requesting that data be shared. These have already been shared".

Unfortunately, I'm not persuaded by Advantage's response. As I said earlier in my decision, the terms and conditions and sales literature are not clear that Mr O must drive his car at least once a week for the policy to be valid. I think this should've been set out clearer upfront. Mr O has left the telematics device in his car and that device has been available to Advantage to extract information. If this wasn't sufficient for Advantage to administer its policy, then I think it needs to consider its own process and documentation so it's clearer for its customers.

As its clear the policy won't work in Mr O's circumstances and as time has now passed, I'm not going to ask Advantage to re-state the policy. However, I do intend that Advantage remove any cancellation markers from Mr O's insurance record, so he's not disadvantaged when he takes out new policies in the future. I appreciate Advantage have said it won't share any information on any external database. But, as I think the cancellation was unfair, I don't think there should be any record kept of this.

I can see Advantage has already refunded Mr O's premiums for the remainder of the term and it hasn't charged an administration or cancellation fee. As this is what I would've asked Advantage to do, I think it has acted reasonably here and I won't ask it to do anymore.

Mr O hasn't had his vehicle reinsured as he was worried that the cancellation on his record may cause an issue with future insurers and inflate the cost of a future policy. I think in the cancellation letter Advantage has been clear the cancellation wasn't shared on any external database. So, Mr O should've been able to secure a new policy with a different insurer without declaring the cancellation.

However, I think Advantage have also put a doubt in Mr O's mind. As at cancellation, it also said "you may not have to declare this cancellation with insurers in the future. This depends on the requirements of each insurer, so you'll need to check with them. If your policy was cancelled because of technical or unforeseen issues, this won't be considered as a cancellation you need to declare".

Therefore, I think Mr O thought the cancellation may have been problematic for some insurers. So, he may have thought he wouldn't have access to the full market when buying his new policy. Mr O said he didn't try to re-insure during this period because of the risk to his premium. He said he's lost the use of his vehicle during this time.

I've noted Mr O had a lot of communication with Advantage to explain his point of view and it was quite dismissive of him. I think this was unfair given the reasoning I've provided earlier. Therefore, I think he has been significantly inconvenienced and I think the situation will have distressed him. Therefore, I intend that Advantage pay Mr O £500 compensation, which includes the loss of use of his vehicle and the customer service he received from Advantage".

Responses to my provisional decision

Mr O accepted my provisional decision, and he didn't have anything further to add.

Advantage disagreed with my provisional decision. Advantage re-iterated its reasoning for cancelling the policy as it didn't think Mr O had complied with the terms and conditions of the policy. It thinks my decision is unreasonable. It has stated the sales journey covered the need to share driving data regularly.

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.

I haven't heard any new information that leads me to change my provisional decision. Whilst, I understand Advantage's perspective, I've already covered in my decision that I don't think the terms and conditions are clear that there is a requirement for the car to be driven regularly.

I appreciate the terms set out driving data needs to be shared, but what is meant by driving data is not defined in the policy. I think a reasonable interpretation is that the Advantage can extract data from the telematics device every 28 days. It doesn't stipulate specifically the car has to have been driven. As Advantage relied on this term to cancel the policy, I think it's important that either the term is defined in the policy so it's not open to interpretation, or there's a condition that sets out how often the car needs to be driven.

My final decision

My final decision is that I uphold this complaint. I require Advantage Insurance Company Limited to:

- Pay Mr O £500* in compensation – for distress and inconvenience
- Remove any cancellation markers from Mr O's insurance record.

*Advantage Insurance Company Limited must pay the compensation within 28 days of the date on which we tell it Mr O accepts my final decision. If it pays later than this it must also

pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 31 December 2024.

Pete Averill
Ombudsman