

The complaint

Mrs H has complained that First Central Underwriting Limited cancelled her telematic motor policy because she and her named driver failed to pair it with their individual smart mobile phones.

Mrs H is represented by Mr B who is also a named driver on her policy, so he's not the policyholder. Complaints in our service have to be set up in the policyholder's name, not the named driver's name. Therefore, for ease of reference, unless otherwise stated given the particular facts of this matter, I shall mainly refer to Mrs H throughout.

What happened

Mrs H's telematic policy started on 15 November 2023 and she bought it through an aggregator price comparison website.

As it was a telematics policy, Mrs H and any named drivers would have their driving behaviour monitored through a device or sensor installed in Mrs H's car.

First Central said that its policy documentation explained that the sensor is operated through the policyholder's and any named driver's smart phone. So, in order for the sensor to give First Central all the data it required over any drivers' (of the insured car) driving behaviour, a smart phone was needed to be paired with the sensor by each driver via an app.

First Central said that Mrs H told it on 17 December 2023 that she had changed her car which was then processed on her policy. It then said that Mrs H phoned it on 18 January 2024 asking for a new sensor as the previous one had broken when transferring it from her old car to her new car. It said it explained this would cost Mrs H £25 and it said it shipped the new sensor to her on 19 January 2024.

First Central then said it emailed Mrs H on 24 January 2024 explaining that her new sensor wasn't yet installed or linked with the app. And that it was a requirement that the sensor had to be linked to the smart phones of every driver on the car.

However, First Central said by 31 January 2024 the sensor still wasn't operational so it sent her a notice of cancellation explaining that Mrs H's policy would be cancelled on 7 February 2024 if the sensor was still not operational and still not linked to the app as required.

Mrs H said Mr B phoned First Central on 31 January 2024 asking for an extension to the policy cancellation which the adviser having looked into it said, he couldn't give. Mrs H said Mr B told First Central her mobile phone was broken and was sent off for repair. However, First Central said he never said that on this call.

Therefore, Mrs H's policy was cancelled on 7 February 2024 as her phone as the main policyholder here, wasn't paired with the app. Mrs H complained this was unfair and unreasonable but First Central didn't think it had done anything wrong.

So initially Mr B brought the complaint to us but in his own name, not Mrs H's name. He said he suffered from severe anxiety and the compensation he wanted was £600. Therefore, the investigator said we couldn't look into Mr B's complaint because he wasn't the policyholder on this policy. However, it then got sorted out that Mr B was a named driver only and that it was a policy in Mrs H's name. So, we got Mrs H's consent to allow Mr B to be her representative.

After considering the matter, the investigator was of the view that as the policy documents clearly explained the sensor had to be paired with a smart phone for each driver to include the policyholder, and that Mrs H hadn't told First Central her phone was broken and was being repaired, then First Central hadn't done anything wrong in cancelling her policy.

Mrs H disagreed so her complaint has been passed to me to decide.

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.

Having done so, I'm not upholding this complaint. I'll now explain why.

What did the policy document say.

As the investigator explained the policy says the following under the driving data terms and conditions:

*"We collect your driving data through the 1st Central Connect App and the Sensor (which is a small wireless device that we will send you in the post) and it is a requirement of this policy that **you and all named drivers download the app** [my emphasis]."*

- *We collect information about how, when and where your car is driven, which may include speeding, phone use whilst driving, hard braking, hard cornering and hard acceleration to help inform the price of your policy."*

This is a common term in all policies using telematics, so I don't find it at all unusual. The sensor records the data of the driving behaviour of all drivers of the car which is being insured. Premiums for telematics policies tend to be cheaper (than a policy without telematics) given the drivers' driving behaviour is persistently monitored in this way. And the premium price might increase with adverse driving behaviour or if it's very adverse, the policy can even be cancelled. First Central's telematics policy which Mrs H bought is no different.

So, any policyholder of First Central's telematics policy, to include Mrs H, has to agree to this monitoring of driving behaviour. And they have to agree to ensure the sensor is clearly linked to the app of each driver's mobile phone too. So that First Central could appropriately monitor the driving behaviour of each driver insured under the policy.

Again, it's common in all telematics policies that if the sensor can't relay the driving behaviour data to the app and then onto the insurer, First Central here, then the risk on which the premium is based is called into question, so unless the sensor is broken or there is a notified other issue which First Central only decides is reasonable for whatever reason, then the policy obviously has to be cancelled.

This is because each individual insurer is fully entitled by the regulations set by the Financial Conduct Authority (FCA) to decide what risks it wishes to cover and indeed what risks it

doesn't want to cover. And how it wants to assess that risk as in underwrite it in actuarial terms. And it is for the consumer to then decide which of the motor insurance providers they want to be covered by too, which Mrs H would have done when she looked at the price comparison aggregator website. So, no one forced Mrs H to choose a telematics policy, which in turn would always require the insured and any named drivers to have working mobile phones connected to the app, she did that of her own volition entirely. Motor policies chosen from price comparison websites are sold on what's called 'an unadvised basis', according to the FCA regulations, which means the insurer doesn't provide any advice as to which policy is better or worse or which has x or y policy condition. All that sort of information is provided on the price comparison website for the consumer to read to include links to the providers websites as well for more information.

So, it's common to find some motor insurers will be happier to insure inexperienced drivers and some insurers will be far less happy to do so and the amount of the premium quoted will reflect that. And other insurers will only cover inexperienced drivers if they take out a telematics policy so that they can continually assess the risk by the monitoring of driving behaviours in the way that telematics policies do. Telematics policies are primarily aimed at the less experienced driver but can of course be chosen by anyone who wishes to use one. Often too it's a way to get a cheaper premium if the insurer is willing to insure someone with points on their licence, for example.

Regardless, if a consumer chooses to buy a telematics policy as Mrs H did here, she is then *most importantly* agreeing that she and her named driver must have a mobile phone capable of downloading an app and being paired with the sensor. So, their individual driving behaviour is then monitored by the app and then fed back to First Central. I consider the policy clearly identifies this as a term of the policy which again *most importantly* must be adhered to consequently.

For the avoidance of any doubt, I consider the policy document and all the other documents sent to Mrs H clearly identified the steps as to how to pair the sensor to the relevant mobile phone of each driver also. I consider the wording on the documents to be easily understood if the policy document and the detailed instructions of how to pair phones via apps is read fully by the policyholder. It's the policyholder's duty to ensure all named drivers adhere to this too.

And the policy is also clear that each driver, on the policy, must have their own mobile phone too, so that only their own driving (not another driver's driving) can be consequently monitored by the sensor.

It is the duty of every policyholder to read the policy terms. If there is something that is confusing or not understood, then it is for the policyholder to query this with the insurer directly, so they are sure the policy meets their needs. For the avoidance of doubt, I don't consider how First Central worded its policy or the other instructions is in anyway unclear or difficult to understand.

Was First Central aware that Mrs H's phone had broken and was being repaired?

On the evidence of the call recording made on 31 January 2024, I can't find any evidence that First Central was aware Mrs H's phone was broken and being repaired. More crucially, the call recording doesn't discuss that Mrs H's phone was broken which was why Mr B wanted the extension. Instead, it concentrates on the fact that Mr B, as a named driver only, had never paired his phone to the app and the adviser is at pains to provide Mr B with the appropriate assistance to do so too.

So, in effect, if Mr B drove the car, his own driving behaviour wasn't what was being monitored at all, as First Central would think given the mobile phone identified in the data,

the driver with that driving behaviour was Mrs H. The First Central adviser explained at some length about the policy requirement which is that each driver on the policy must log in with their own phone. *Crucially in my view*, Mr B said on the call that there was no sensor in the car as it was damaged when Mrs H changed her car. But the call handler confirmed First Central had received the relevant confirmation that the new sensor it said it has sent out on 19 January 2024, had actually been delivered. It appears subsequently to have been delivered to a depot and so needed to be collected.

So, Mr B didn't then say something along the lines 'but Mrs H's phone was broken and was being repaired', instead he merely said there was no sensor in the car at the time. When the adviser then confirmed there was consequently no ability for him to provide an extension to the cancellation date on the basis of what Mr B had told him, namely that the sensor which had been confirmed as delivered wasn't in the car, Mr B then spent the rest of the call outlining the extent of his complaint against the adviser. Mr B did say however that he would now pair his phone (not Mrs H's phone) to the sensor.

It wasn't until Mr B mentioned in his email to the investigator on 6 November 2024, that he had sent First Central an email on 6 February 2024 telling it Mrs H's phone was broken and needed repair and forwarded that email to us that there was any evidence to say Mrs H's phone was broken. So, this was the first time that I can find that any such evidence of Mrs H's phone being broken was told to First Central.

By that stage coupled with the fact Mr B had talked to the adviser at some length on 31 January but hadn't mentioned this or provided further evidence of the broken phone like a repair invoice etc, on balance I don't consider First Central did anything wrong with proceeding with the cancellation of Mrs H's policy on 7 February. This is because it remained the fact that Mrs H's phone (given she was the policyholder) still wasn't paired to the sensor and that was the only reason on which the cancellation could be stopped.

Was the cancellation of the policy reasonable consequently?

On that basis given Mrs H had failed to pair her phone to the sensor sent by First Central on 19 January (and confirmed delivered), I consider given the policy terms, there was nothing wrong in First Central deciding to start the process of cancelling this policy. More so, as I can see from First Central's file that Mrs H had similar problems in November 2023 when this policy first started, in getting her phone paired with the sensor, and received a reminder to do so on 29 November 2023 too.

I also see that Mrs H received at least two notifications on 15 December 2023 and 9 January 2024 from First Central that it was noted that her phone was been used when driving, and was warned it would affect her driving score, which of course shows a driving behaviour which could affect the premium price.

I consider First Central gave Mrs H a reasonable reminder on 24 January 2024 to pair her phone to the new sensor. And when the sensor remained inactive, and it received no other communication from Mrs H, I consider under the FCA regulations that its cancellation notice dated 31 January 2024 was also reasonable. Mrs H still could have paired her phone to the sensor by 7 February 2024 to abort the cancellation timetable.

Instead in my view, the evidence shows Mr B only told First Central for the first time on 6 February by email that Mrs H's phone was broken and needed repair. There is no evidence of this in the call recording on 31 January for the reasons I've explained above.

So, in view of the fact there was no evidence given to First Central with the email on 6 February to show the phone had been sent somewhere to be repaired, for example, I

consider it was too late for First Central to consider this notification of Mrs H's phone being broken from Mr B on 6 February was something it reasonably ought to consider at this late stage. The time to have notified First Central of Mrs H's broken mobile phone was in the call Mr B had with First Central on 31 January. But there he was saying only that there was no sensor in the car because it obviously hadn't been picked up from the delivery depot as required.

In any event as Mrs H was the policyholder not Mr B, it was her primary duty to have a working mobile phone to be paired to the sensor in the app, not the named driver's responsibility unless he was going to drive the car. I find it more persuasive that in the call recording Mr B was maintaining there was no sensor available until the First Central adviser explained he had confirmation the sensor had been delivered. It remains the duty of the policyholder under these telematics policies, to ensure the sensor was installed in the car too.

So, as Mrs H didn't pair her phone to the new sensor by 7 February 2024, which was confirmed to have been delivered, there was nothing wrong consequently in First Central cancelling the policy on 7 February 2024.

My final decision

So, for these reasons it's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 19 February 2025.

Rona Doyle
Ombudsman