

The complaint

Mr V has complained that Mulsanne Insurance Company Limited cancelled his car insurance policy after his car was declared a total loss, despite him having had the car repaired.

Any reference to Mulsanne includes its agents.

What happened

Mr V's car was damaged in an accident. He claimed for the damage under his policy with Mulsanne. Mulsanne inspected his car and declared it a total loss. It settled the claim on this basis. Mr V decided to keep the car and have it repaired. He wanted Mulsanne to continue insuring it under his policy. Mulsanne initially said he needed to send an MOT certificate to show his car had been properly repaired, but later said he needed to provide an engineer's report to show this. As Mr V didn't provide the report Mulsanne cancelled Mr V's policy. It did not provide a refund of premium, as it had paid out two claims under it.

Mr V complained to Mulsanne, but it wouldn't alter its position. So he asked us to consider his complaint. One of our investigators did this. He said it should be upheld. This was because he didn't think Mulsanne had given Mr V sufficient time to provide evidence his vehicle had been properly repaired. He said it should pay him £300 in compensation for distress and inconvenience. And provide him with a letter he could show to his new insurers saying the record of the cancellation by Mulsanne had been removed.

Mulsanne accepted the investigator's view. Mr V did not. He said he should also get a refund of premium, as he'd lost the benefit of around five months cover due to Mulsanne's poor handling of the matter. Our investigator said he couldn't ask Mulsanne to provide a refund because Mr V hadn't shown he could have provided the evidence Mulsanne would have wanted on the repairs to his car for it to be willing to continue with his policy.

As Mr V wasn't happy with the investigator's view the complaint was referred to me.

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've decided on the same outcome as our investigator for the same reasons.

I agree with our investigator that Mulsanne should have given Mr V longer to demonstrate his car had been properly repaired before cancelling his policy. I say this as, while the policy says that Mulsanne will only allow 14 days for the policyholder to replace their vehicle after a total loss, I think this is out of line with what I consider to be good industry practice. And, in any event, Mr V wasn't replacing his vehicle, he was repairing his existing one. And Mulsanne cancelling the policy and poor communication initially on what Mr V would need to provide for it to continue, and around whether he needed to declare the fact his policy had been cancelled, clearly caused him distress and inconvenience. And I think £300 in

compensation for this is fair.

As I've already said, Mulsanne should have given Mr V more time to prove his car had been properly repaired. However, bearing in mind Mr V hasn't been able to prove this to our investigator, I think it is unlikely he'd have been able to prove it to Mulsanne's satisfaction. And I think what would have happened is that Mr V would have decided to cancel the policy himself, as opposed to leaving it to Mulsanne to cancel it. This would have meant he did not have to declare he'd had a policy cancelled and that there would have been no record of this happening. So, I think Mulsanne needs to remove any record of the cancellation by it and provide the letter suggested by our investigator to Mr V.

However, I do not think it would be fair and reasonable for me to make Mulsanne provide a refund of premium for the unused part of Mr V's policy covering the remaining policy year. I appreciate Mr V did have his car repaired and thinks Mulsanne should have continued to insure it. But for this to happen he would have needed to provide a full engineer's report to say his car had been repaired and was roadworthy. Or – at the very least - a detailed invoice showing the repairs were carried out to the required standard. And Mr V hasn't been able to provide these things to our investigator. So, I think it is unlikely he'd have been able to provide them to Mulsanne. And, as I have already explained, I think it is most likely that this would have led to Mulsanne refusing to continue with the policy and Mr V deciding to cancel it. And because Mr V had made two claims under his policy he would not have been entitled to a refund of premium.

Putting things right

For the reasons set out above, I've decided to uphold Mr V's complaint and require Mulsanne to do the following:

- Record Mr V's policy on its records and any external databases as cancelled by him.
- Write a letter for Mr V to produce to his new insurers. This letter should confirm Mulsanne's cancellation record has been removed and that there is no cancellation for Mr V to declare with respect to his policy with Mulsanne. Mr V can then provide this letter to his new insurer(s) for them to re-calculate the premium they charged. And if they would have charged Mr differently, it will be for the new insurer to refund the difference.
- Pay Mr V £300 in compensation for distress and inconvenience.*

* Mulsanne must pay the compensation within 28 days of the date we tell it Mr V 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.

My final decision

I uphold Mr V's complaint about Mulsanne Insurance Company Limited and order it to do what I've set out above in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 23 July 2025.

Robert Short
Ombudsman