

The complaint

Mr J complains that Uinsure Limited ("Uinsure") unfairly cancelled his home insurance policy and this caused him financial loss and severe distress.

What happened

In November 2021, Mr J contacted Uinsure to make a slight change to the insurance policy he held with it, as he realised he had buildings cover with another provider.

Uinsure cancelled Mr J's policy and set up a new one instead of making changes to the existing policy as requested. Mr J made a complaint. He said he'd only contacted Uinsure to save money by removing the unnecessary duplicate aspects of cover.

He said he'd asked Uinsure to remove the buildings cover from the policy but that he wanted to keep the home insurance and remaining products. And that he never asked for his policy to be cancelled.

He also said Uinsure didn't issue a refund for the cancelled policy, and that he was left without cover which caused him a great deal of inconvenience. He said he incurred numerous costs as a result of this, including £7,000 in legal fees because he was denied access to the legal cover that was included in his policy. He said he'd continued to make payments towards a policy expecting to be able to access the benefits under it.

In its response to the complaint, Uinsure accepted it had made a mistake which resulted in Mr J having no cover in place between 29 October and 2 November 2021. It apologised for this and assured Mr J that if any issues arose between those dates, they would be dealt with in line with the policy terms.

Mr J didn't accept Uinsure's response. He said he was never made aware that the policy would be cancelled and the whole situation had caused him extreme distress and anxiety, as well as a substantial financial loss. Because he remained unhappy, he referred his complaint to this service.

Our Investigator considered the complaint, and thought it should be upheld. She recommended Uinsure pay Mr J £100 to compensate him for the distress caused by its error in not making clear the policy would be cancelled. And she said that if Mr J has a successful claim under the policy, Uinsure should settle any such claim with an additional 8% interest per year from the date Mr J incurred any loss until the date of settlement.

Mr J didn't agree with our Investigator's assessment, so the complaint was passed to me for an Ombudsman's decision.

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 this is an informal service, I'm not going to respond here to every point raised or

comment on every piece of evidence Mr J and Uinsure have provided. Instead, I've focused on those I consider to be key or central to the issues in dispute. But I would like to reassure both parties that this isn't intended as a discourtesy and that I have considered everything submitted. And having done so, I'm upholding this complaint. I'll explain why.

The insurance industry regulator, the Financial Conduct Authority (FCA), has set out rules and guidance about how insurers should act. These are contained in the 'Insurance: Conduct of Business Sourcebook' (ICOBS). ICOBS 7 in general says an insurer must handle the cancellation of a policy fairly. I've kept this in mind while considering this complaint together with what I consider to be fair and reasonable in all the circumstances.

Uinsure has recognised that it should've clearly highlighted that it was cancelling Mr J's existing policy from inception, which meant that he didn't have continuous insurance, as there was a break in cover once it cancelled the existing policy and set up the new one for Mr J. It's also said that no premium was taken until 16 November for the contents cover – and I've seen evidence of this, so I'm satisfied there is no refund due.

Uinsure says it's amended its records to reflect that Mr J had continuous cover from 29 October 2021, and it's also offered Mr J £50 for the distress and inconvenience caused to him. Whilst I agree with the action it took in relation to ensuring continuous cover and agreeing to consider any claims, I'm not satisfied that £50 adequately reflects the toll this complaint has taken on Mr J.

I've listened to the call between Mr J and this service from 2 April 2025 as requested by Mr J. I've also considered whether I require any further information from Mr J in order to fairly decide this case, but having carefully looked at everything I'm satisfied that I'm able to determine this complaint fairly, based on all the information already provided, which includes all the correspondence from both parties, as well as the notes and recordings of all the phone calls between Mr J and this service.

It's clear that Mr J feels £100 compensation isn't reasonable for the time and effort he's had to put into pursuing this complaint. I've thought carefully about what's happened, as well as the impact of this on Mr J, and I've considered everything in line with our approach to awards for distress and inconvenience.

Having done so, I've concluded that £100 is a fair and reasonable amount of compensation for the distress and inconvenience Mr J has experienced as a result of Uinsure's actions here. I appreciate Mr J feels strongly about this complaint. He says he's experienced severe anxiety, sleeplessness and emotional distress, particularly in relation to the financial uncertainty as he faced significant legal costs during what was an already difficult time. But I'm conscious that in this case, much of Mr J's distress centres around the financial loss – and there's insufficient evidence that any such loss was caused by Uinsure, or that any claim under the policy would've been successful.

It's always challenging to determine a figure that will fairly compensate a consumer for the distress they've experienced – but we do publish information about how we make our awards which is available for Mr J to view on our website.

I appreciate that Mr J will likely disagree with my decision. But I have a duty to decide all cases fairly and consistently, and I'm satisfied that £100 reflects the fact that Mr J had to spend considerable time and effort trying to sort things out with Uinsure. Dealing with financial businesses is not always hassle-free. But I'm satisfied, from what I've seen, that Mr J experienced more than the usual levels of frustration and annoyance that he might reasonably have expected here.

So I'm going to require Uinsure to pay Mr J £100 compensation for the distress and inconvenience he's been caused as a result of its actions, and to consider any claims Mr J wishes to make retrospectively under the policy. If it then pays a claim, it should do so together with 8% simple interest on any settlement, per year, from the date of Mr J's loss until the date it pays him.

Putting things right

Uinsure Limited should pay £100 compensation to Mr J for the distress and inconvenience caused to him and fairly consider any claims Mr J makes under the policy. If any claim is paid it should add 8% simple interest per annum to the claim amount, from the date of loss until the date of settlement.

My final decision

My final decision is that I uphold this complaint and I direct Uinsure Limited to put things right as I've set out above.

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

Ifrah Malik
Ombudsman