

The complaint

Mr F complains about Advantage Insurance Company Limited's refusal to renew his car insurance policy.

Advantage has been represented by its agents. All references to Advantage include its agents.

What happened

Mr F had a car insurance policy with Advantage.

In 2022 and 2023, at renewal, his policies were cancelled in error due to a system issue at Advantage's end. In each instance, Advantage apologised, paid Mr F compensation and said it would look to fix the error to prevent it happening again.

In April 2024, Mr F received a renewal quote. He called on 17 April 2024 to discuss his premium and the agents, while trying to check for a reduction in premium, encountered an error. A further agent tried to obtain a quote for Mr F as a new customer, but this too was not allowed by the system.

Following this, Advantage made the decision not to proceed with renewal of Mr F's policy. Mr F complained and wanted to know Advantage's reasons for this decision.

Advantage issued a complaint response in April 2024. It said it was unable to arrange the renewal due to a system issue, despite having provided Mr F a renewal quote. It paid Mr F £50 compensation.

Mr F remained unhappy so he referred his complaint to the Financial Ombudsman Service. He said the same issue from 2022 and 2023 occurred at renewal in 2024, so Advantage hadn't fixed the problem. He said £50 compensation was not enough to reflect the impact of Advantage's actions on him and there were no valid reasons for Advantage to decline renewal.

The Investigator upheld the complaint in part. They said Advantage didn't act unfairly in refusing to renew the cover, but because it could have communicated better with Mr F, it should pay a further £100 compensation.

Advantage agreed. Mr F didn't agree. He said Advantage should remedy the system error and its actions caused him stress, as he had to find cover elsewhere. He said Advantage didn't have valid reasons for refusing renewal and he felt its decision was based on him having made complaints in the past.

Because the complaint couldn't be resolved, it's 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.

I should first set out that the Financial Ombudsman Service is a dispute resolution service, not the regulator of the insurance industry. So it's not our role to fine and punish a business. Our role is to look at whether a business has acted fairly in the circumstances of the complaint and decide what it needs to do where it hasn't.

While I've outlined the history of Mr F's previous renewals, under this complaint, I will consider the actions of Advantage during Mr F's renewal in 2024. But, in considering the impact of this on Mr F, I've also kept in mind what's happened before.

Mr F is unhappy with Advantage's decision not to allow renewal, despite initially offering a renewal quote.

Advantage said there's an error in Mr F's policy file, and this meant at renewal, the system fails to combine the quote with the relevant billing account. In short, there is still a system issue at Advantage's end, that it has been unable to resolve.

As a result, Advantage said it made a commercial decision to decline renewal of the policy in 2024. This is because it knew there would likely be issues following renewal that would lead to the policy being cancelled, and ultimately, further detriment to Mr F. Because it was unable to resolve the system issues, it said refusing renewal was the only way to prevent the risk of the policy being cancelled again.

Ultimately, this was a commercial decision by Advantage not to do business in the circumstances, for the reasons outlined above. And Advantage is entitled to make commercial decisions, so long as it exercises this right fairly. Given that Advantage's reasons were based on preventing further likely problems, and to prevent further detriment to Mr F, I consider it exercised its right fairly.

Taking everything I've seen into consideration, I can't reasonably conclude that it was unfair for Advantage to decide it didn't want to continue to provide cover for Mr F in the circumstances. And I've not seen evidence to persuade me Advantage's decision was based simply on Mr F having complained before.

I agree with the Investigator that Advantage could have communicated better with Mr F in the circumstances, but I'm not persuaded Mr F has lost out. Mr F is ultimately unhappy Advantage chose not to renew the policy and this wouldn't be any different if Advantage informed Mr F of its decision earlier. And based on Mr F's comments on Advantage's quote at renewal in 2024, and the price he paid elsewhere, I think Mr F ended up paying less for his cover elsewhere.

But because Advantage did invite renewal initially, and its system issues led to renewal being refused, I consider its actions caused Mr F unnecessary confusion, distress and inconvenience. And I think this was compounded by the issues Mr F previously experienced.

Taking everything into account, I consider Advantage's actions in 2024 caused Mr F distress and inconvenience, requiring a reasonable amount of effort from Mr F to sort out. But I agree with the Investigator that a further £100 compensation, on top of the £50 Advantage already paid Mr F, is fair and reasonable in the circumstances. So this is what I will direct Advantage to pay.

My final decision

My final decision is that I partially uphold this complaint.

I require Advantage Insurance Company Limited to:

- Pay Mr F a further £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 9 May 2025.

Monjur Alam
Ombudsman