

The complaint

Ms H complains that Somerset Bridge Insurance Services Limited cancelled her motor insurance policy without her consent. She wants it to waive the premiums outstanding.

What happened

Ms H's daughter called Somerset Bridge to ask for a cancellation quote for her policy. She said she didn't want to go ahead at that point. But Somerset Bridge cancelled the policy and asked for payment of the outstanding premiums. When Ms H complained, it said Ms H's daughter had said Ms H had sold her car and so she had no insurable interest for it to cover. But it agreed that it should have offered Ms H other options. And it waived its cancellation fee and paid her £100 compensation for her trouble and upset.

But Somerset Bridge also asked Ms H to pay the outstanding balance for her time on cover. Ms H wanted it to waive this as she said she was left unknowingly uninsured for three days and this could have had serious consequences for her.

Our Investigator didn't recommend that the complaint should be upheld. She thought Somerset Bridge should have explained Ms H's options when she asked about cancellation. But she didn't think this had caused Ms H actual loss as she had already sold her car and given up driving. She thought the cancellation had been correctly recorded as consumer-led, so Ms H needn't disclose this in the future. She thought Somerset Bridge's offer of compensation was fair and reasonable. But she thought it was entitled to ask Ms H to pay the outstanding balance for her time on cover.

Ms H replied that she disagreed, and she asked for an Ombudsman's review, so her complaint has come to me for a final decision. Ms H was disappointed that an earlier view by another Investigator had upheld her complaint.

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 can understand that Ms H felt disappointed with the change in the Investigator's view. And I can also understand that she felt frustrated that Somerset Bridge had cancelled her policy when she had told it not to do this.

Somerset Bridge has a duty to provide a financial service that meets consumer needs. So when Ms H's daughter told it that she had sold her car and stopped driving, Somerset Bridge should have explained Ms H's options. Ms H no longer had any interest to insure. So these options were to put another car on cover or to cancel the policy outright in keeping with the policy's terms and conditions.

But Somerset Bridge didn't do this. It processed the cancellation and Ms H didn't learn this until three days later.

When a business makes a mistake, as Somerset Bridge accepts it has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

Somerset Bridge's terms of business state on page 6 under Cancellation Outside the 14 Day Cooling off Period:

Our insurance policies are arranged for an agreed period of time and you are required to pay the full amount stated. Where the insurance policy is cancelled by you, us or your insurer, other than within the cooling off period and provided that you have not made a claim or a claim has not been made against you, we will return to you the amount that you have paid us, after deducting:

- *A pro rata deduction of premium for the time that you have been on cover, unless your policy is underwritten by an insurer where short period cancellation rates apply.*
- *Our annual policy arrangement fee.*
- *A £75 cancellation charge as set out in the Policy and Administration charges section of this document.*

So, as the policy was cancelled in error, Somerset Bridge should have processed this as being cancelled by Ms H, so she needn't disclose this to future insurers. And it's confirmed that it did do this.

And it should then have considered Ms H's instalment payments for her premium, the remaining premium due for the full year, and charged her a pro rata amount for any unpaid time on cover. I think this is in keeping with its terms of business and fair and reasonable as Ms H had benefit from the cover and she needed to cancel her policy. And so I think Somerset Bridge's charge for the outstanding balance was fair and reasonable and I don't require it to waive this.

In terms of impact, Ms H was stressed to find that she was uninsured for three days when she thought she still had cover. But Ms H's daughter had told Somerset Bridge that Ms H had already sold her car and was no longer driving. So I can't say that Somerset Bridge's error caused Ms H any actual loss. We can only consider actual rather than potential losses. So I can't say that Somerset Bridge needs to compensate Ms H for this.

But Somerset Bridge did recognise the impact its error had on Ms H. To put things right, it waived its £75 cancellation charge, and it paid her £100 compensation. And it deducted this from the outstanding balance Ms H owed. I think this amount of compensation is in keeping with our published guidance where an error has had an impact on a consumer that takes some effort to address. And so I think this is fair and reasonable and I don't require Somerset Bridge to increase this.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 1 July 2025.

Phillip Berechree
Ombudsman