

The complaint

Mr B complains that Aviva Insurance Limited unfairly charged him after he cancelled his motor insurance.

What happened

Mr B renewed his motor insurance policy with Aviva in March 2024 through a broker. He paid £406.94 for the policy plus a broker's administration fee of £20.00. He agreed to pay this monthly in instalments, which also attracted an interest rate.

In September 2024 Mr B cancelled his policy through the broker.

The broker told Mr B that he owed them £210.26 which was the outstanding premium for the time on cover, plus the broker's cancellation fee.

Mr B refused to pay this and raised a complaint.

Aviva, who underwrote the policy said that the time had been charged in accordance with the terms and conditions of the policy, and they were not responsible for the cancellation charges levied by the broker. So, the complaint was subsequently split into two complaints, one against Aviva and one against the broker.

Mr B was unhappy both Aviva and the broker and brought his complaint to us.

One of our investigators has looked into Mr B's complaint but he thought Aviva had acted fairly and within the terms of the policy.

Mr B disagreed with our investigator's view, and so the case came to me to review.

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.

It's important to understand that Mr B has two separate complaints here. This complaint is about Aviva's calculation of the premium for the part year that he has been on cover. The second complaint is about the broker charging a cancellation fee – and I won't be considering this.

I've considered whether Aviva have calculated the premium due for the part year fairly and in line with the terms and conditions of the policy.

In the policy wording that was sent to Mr B when he took out the policy, the section on cancellations says:

'You may cancel this insurance at any time during its term. To do this, you must tell your insurance intermediary through whom you arranged this insurance. Cancellation

will take effect from the date we receive your notice to cancel, or a date in the future that you have specified, but cannot be backdated. Provided this is an annual contract and there have been no claims made in the current period of insurance (or no incident having occurred which is likely to give rise to a claim), and you are not going to make a claim, you will be entitled to a return of premium based upon our current short period rates.'

So, he is entitled to cancel his policy. However, the "short period rates" that Aviva can charge under the policy are defined in a table with an increasing scale the longer the policy is held for.

It shows that for a period of cover not exceeding six months, which is Mr B's situation, 70% of the total premium is payable. So, this would make Mr B liable to pay £284.86 for the time on cover.

I'm satisfied that this amount has been calculated correctly and in line with the terms of the policy, and fairly represents Mr B's liability for the period he held motor insurance. And so, I don't think Aviva have acted unfairly here.

As he was paying in instalments, Mr B hadn't paid this amount at the point the policy was cancelled, and so is liable to Aviva for the balance. So this figure has then been fed into the overall calculation completed by the broker to establish what Mr B owes, which includes adding on the administration fee, the cancellation fee, and interest, and then deducting what Mr B has already paid, leaving an outstanding figure of £210.25. However, I will make no comment on this final figure as it is the subject of the complaint about the broker.

I hope this helps explain the position to Mr B and why I don't think Aviva have done anything wrong here.

My final decision

My final decision is that I'm not upholding Mr B's complaint about Aviva Insurance Limited, and so they don't need to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 27 May 2025.

Joanne Ward
Ombudsman