

The complaint

Mr M complains about Hastings Insurance Services Limited trading as Hastings Direct (Hastings) cancelling his motor insurance policy, then reinstating it without informing him.

Any reference to Hastings in this decision includes their agents.

What happened

In May 2023 Mr M took out a motor insurance policy through Hastings to cover his vehicle, for which he paid £1,210.56 as a one-off payment covering the year. In September 2023 Hastings became aware that Mr M's vehicle had been impounded by the police. Hastings tried to contact Mr M but weren't successful. Hastings opened a claim under the policy, in anticipation of a claim arising. Hastings sought to contact Mr M about the claim, but having been unable to do so they decided to cancel his policy due to non-cooperation (grounds for cancellation under the policy).

Hastings sent Mr M a notice of cancellation in December 2023, giving the required seven days' notice under the policy. Mr M contacted Hastings on the date the cancellation was due to take effect to confirm the police had impounded his vehicle and the reason why. He also said he didn't want to make a claim, which is why he hadn't previously contacted Hastings to tell them about his vehicle being impounded.

The call handler passed details of the call to the policy underwriters, who decided that as Mr M had contacted Hastings and was therefore co-operating, they would reinstate his policy the same day. However, Hastings didn't then follow their procedure which would have clearly confirmed the policy had been reinstated, other than an email the following week saying a previously issued refund would be debited from Mr M's account (and the policy would be cancelled if the payment couldn't be collected).

There was no further communication between Hastings and Mr M until April 2024, when Mr M contacted Hastings to say he'd received a renewal invitation for his policy. Having put his vehicle into storage thinking his policy had been cancelled, he then took it out of storage and began driving it again. Shortly afterwards, he had an accident while his vehicle was reversed into while parked on a public road, so made a claim under the policy.

Mr M then complained to Hastings, unhappy they hadn't confirmed his policy was reinstated, leading him not to use his vehicle for the period between the cancellation of his policy and receiving the renewal notice. He'd had to make alternative transport arrangements, incurring financial cost and suffering stress and inconvenience from what happened.

Hastings upheld the complaint. In their final response, issued in May 2024, they said they reinstated Mr M's policy in December 2023. Mr M had called to clarify the seizure of his vehicle by the police, but Hastings hadn't been able to contact him by phone, so they hadn't verbally advised him the cover had been reinstated. Nor had they sent a letter or email to confirm the policy was live, which they should have done. Hastings acknowledged Mr M didn't use his vehicle until April 2024, when a renewal invitation prompted him to call them and was told the policy was live. Mr M hadn't chased for an update between December 2023 and April 2024, but this didn't detract from Hastings' failure to follow the correct procedure.

Hastings also said if Mr M had receipts or other evidence of travel costs or expenses as he hadn't used his vehicle, he should send them for assessment. Hastings also noted Mr M's policy was due to renew automatically shortly and invited him to contact them should he not wish to continue with the policy. By way of an apology, Hastings awarded £150 compensation to Mr M.

Mr M then complained to this Service, saying Hastings' offer of compensation wasn't sufficient for what had happened. He had been left unable to use his vehicle for four months, significantly impacting his daily life. It caused significant inconvenience in terms of transport, work commitments and personal tasks. He'd incurred substantial financial losses from having to make alternative transport arrangements, including taxis and public transport. The unexpected cancellation also caused significant emotional distress, including being unable to use his vehicle. When he became aware the policy had been reinstated, he was surprised to receive a renewal invitation with the premium almost doubling from the previous year.

He wanted a full refund of the premium for the period during which he had been unable to use his vehicle and compensation for the financial losses, inconvenience, emotional distress and impact on his mental health (as well as an explanation for the increase in premium).

Our investigator didn't uphold the complaint, concluding Hastings didn't need to take any action. He said Hastings had initiated a claim by Mr M, even though he didn't want to make a claim. Hastings initiated a claim because they had been informed the police had impounded Mr M's vehicle. They tried to contact him but were unsuccessful. The investigator thought it wasn't unreasonable for Hastings to investigate whether Mr M had been involved in an accident and to open a claim in anticipation of one arising.

The investigator also thought it was reasonable for Hastings to initiate the cancellation of the policy for non-cooperation. But they didn't confirm to Mr M that they decided to reinstate his policy, as they should have done. But the investigator also thought there was some responsibility on Mr M to contact Hastings, having not heard from them (their underwriters) about the reinstatement of the policy. The investigator thought the £150 compensation awarded by Hastings was fair and reasonable. And because Mr M had an open claim on the policy, it wouldn't be reasonable to ask Hastings to refund the premiums for the period from the reinstatement of the policy.

Mr M disagreed with the investigator's view and requested that an ombudsman review the complaint. He said he was told by Hastings when he contacted them about the policy cancellation that they would contact him about their decision whether to reinstate his policy – but they hadn't. So, he assumed the policy had been cancelled and not reinstated. He also didn't raise a claim following the impounding of his vehicle by the police. And he hadn't replied to an email to him in November 2023 about his claim, as he didn't want to make a claim. On the debit to his account following the policy reinstatement, he assumed that was for the claim settlement. And it wasn't fair for him to have paid premiums in respect of a gap in cover between December 2023 and April 2024.

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.

My role here is to decide whether Hastings have acted fairly towards Mr M.

The key issue in Mr M's complaint is Hastings cancelling, then reinstating his policy in December 2023. Hastings accept they didn't follow the correct procedure as they didn't inform Mr M they had reinstated his policy. Because he wasn't told about the reinstatement,

Mr M assumed his policy remained cancelled and didn't use his vehicle from then until April 2024, when he received a policy renewal notice. Mr M says he incurred additional costs and inconvenience from not using his vehicle in the period and doesn't think Hastings' offer of £150 compensation is sufficient to make up for what happened.

Looking at Hastings' claim notes and what happened, I can see they considered the circumstances of the incident in September 2023 and decided a claim should be raised. I think that's not unreasonable in the circumstances. They had been notified by the police of their impounding of Mr M's vehicle, although not the circumstances. As Mr M hadn't told them, then I don't think it was unreasonable for them to raise a claim in anticipation of one arising (police impounding a vehicle might have indicated a road traffic accident, potentially involving a third party claim if not one from Mr M).

And they tried to contact Mr M to clarify the circumstances, but were unable to speak to him, Mr M refers to an email from Hastings in November 2023 in which they say they will assume he doesn't want to pursue a claim. Mr M says he didn't respond because he didn't want to make a claim.

However, given what appeared to be a lack of co-operation, I don't think it unreasonable for Hastings to have decided to issue a notice of cancellation due to non-cooperation. It was at that point (December 2023) Mr M contacted them to clarify the circumstances of what happened and why his vehicle was impounded by the police (and confirm he didn't want to make a claim – or, as Hastings' notes record, withdraw his claim as the vehicle was impounded for reasons other than being involved in an accident).

Given this, I think it was reasonable for Hastings to refer the matter back to their underwriters, who in turn decided Mr M was co-operating and therefore the policy should be reinstated. Hastings' claim notes indicate they told him they would be referring the matter back to their underwriters, but there was no guarantee the policy would be reinstated. The issue then is Hastings not telling Mr M they had then decided to reinstate the policy, as they should have done under their own procedures. And listening to the call between Mr M and Hastings on the date the policy was cancelled, the call handler does indicate he will be updated on the decision of the underwriters' Which didn't happen.

Hastings say Mr M accessed his online account just over a week after the policy had been reinstated, to request a change to his preferred communication method. And that in doing so, he would have seen that his policy was live (Hastings also say changes couldn't be made to a cancelled policy). Mr M disputes this was the case.

Hastings also provided an email to Mr M, towards the end of December 2023 (again, after the policy had been reinstated) advising they would collect the £12.30 previously credited when Mr M's policy was cancelled (reference to the credit is included in the notice of cancellation). The email notes Hastings will collect the sum from the card details they held for Mr M, but if they are unable to do this they will cancel his policy at the beginning of January 2024 and Mr M could be left with a debt. Looking at the wording, the reference to cancelling the policy suggests the policy was live at the date of the email. Mr M says he assumed the debit was in settlement of the claim (even though he had said he wasn't making a claim and there was no third party involved in the police impounding his vehicle).

Thinking about this sequence of events, I think Mr M should have had, at least, an expectation that his policy was being considered for reinstatement and, from the email sent about collecting the £12.30, I think it would have been reasonable for Mr M to have inferred the policy had been reinstated (being 'live'). I also think it would have been reasonable to expect Mr M to have followed up with Hastings about the status of his policy and the underwriters' decision whether to do so, given he was expecting to be told of their decision

but wasn't then contacted directly. Had he thought the policy hadn't been reinstated, then it's reasonable to have expected him to confirm this with Hastings.

In accepting their failure to follow correct procedure, Hastings have also offered to consider any additional expenses incurred by Mr M in the period when he wasn't aware his policy was live. They accept he wouldn't necessarily have been expecting to keep (or obtain receipts). To the extent that Mr M incurred additional costs during the period, I think Hastings' offer is fair and reasonable, which would – should they accept any evidence of financial loss provided by Mr M – put him back in the position he would have been had he been aware his policy was live (so wouldn't have incurred the additional expense).

I've also noted that following Mr M contacting Hastings in April 2024 after receiving his renewal notice, he's made a further claim under the policy. I accept what Mr M has said about this being separate to his believing the policy had been cancelled, so putting his vehicle into storage. But the policy having been reinstated to include the date of the claim means Mr M has benefitted from the policy being live. It would also mean that, a claim having been made, Hastings would be entitled to retain the full premium for the policy (a standard term in motor insurance policies, as the contract of insurance underpinning the policy provides for the insurer to indemnify policyholders for a claim(s) in exchange for the policy premium). And, had something happened to his vehicle whilst he had taken it off the road into storage, he would still have been covered. And unless Mr M obtained a Statutory Off Road Notification (SORN) from DVLA for the period, he would still have been under a legal obligation to insure the vehicle.

So, I've also concluded it wouldn't be reasonable to ask Hastings to refund the pro rata premium for the period from the policy being reinstated. Mr M says he shouldn't have paid for a gap in coverage – but in reality his policy was reinstated and cover continued without a gap in coverage.

Having reached these conclusions, I've considered what Hastings accept is their failure to inform Mr M of his policy reinstatement as they said they would (and should have done under their own procedures). I think it did mean inconvenience for Mr M, notwithstanding my conclusion it would have been reasonable to expect him to clarify the position having not been told by Hastings as they indicated they would.

Considering the circumstances of the case and the published guidelines on awards for distress and inconvenience from this Service, I think Hastings' award of £150 compensation is fair and reasonable, so I won't be asking them to make a further award (though they should make the payment have they not already done so).

Taken together, I've concluded Hastings have acted fairly and reasonably, so I won't be asking them to take any further action.

My final decision

For the reasons set out above, my final decision is that I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 24 June 2025.

Paul King
Ombudsman