

The complaint

Mr G complains that U K Insurance Limited unfairly cancelled his motor insurance policy.

What happened

In October 2023, Mr G used an online price comparison site. He took out a UKI policy to cover his car for the year from early November 2023. He agreed to pay the yearly cost of about £960.00 by paying a deposit and by paying monthly instalments by direct debit ("DD").

On about 22 July 2024, Mr G's bank declined to pay the DD of about £90.00.

UKI cancelled the policy on 22 September 2024.

By an email, UKI confirmed to Mr G that it had cancelled the policy. Mr G received that email on 23 September 2024.

From 23 September 2024, Mr G took out a replacement policy at a total cost of about £1,600.00 including interest for paying by instalments.

Mr G complained to UKI that it hadn't communicated with him properly before the cancellation.

By a final response dated 25 September 2024, UKI turned down the complaint. Mr G brought his complaint to us the same day. He asked us to direct UKI to remove the cancellation marker.

Our first investigator didn't recommend in late February 2025 that the complaint should be upheld. He thought that UKI's actions in this case had been fair.

Mr G and UKI each provided further information.

Our second investigator recommended in late March 2025 that the complaint should be upheld. She thought that UKI missed opportunities to update Mr G's phone number. She recommended that UKI should:

"remove any record of this cancellation from its own and any external systems and databases.

UKI should also refund the extra premium Mr [G] had to pay to his new insurer. To do so I'd expect UKI to compare the cost of Mr [G]'s new policy with the price he paid for the cancelled policy and refund the difference. This is to account for the fact that Mr [G] had to apply for a new policy with a cancellation on his record. To assist with this, I have attached evidence of the cost of Mr [G]'s new policy. UKI should also add 8% simple interest to the difference from the date of cancellation of the policy until the date of settlement.

I also expect UKI to provide a letter to Mr [G] confirming they've done this and include confirmation in this letter that the additional premium has been refunded.

I also think that UKI should pay £150 compensation for the distress and inconvenience this caused Mr [G]. I believe this would fairly compensate Mr [G] for the error UKI made in not updating his contact record and the stress he experienced having to source new insurance with a cancellation marker."

UKI provided further information. The second investigator changed her view.

Our second investigator didn't recommend in early May 2025 that the complaint should be upheld. She didn't think that UKI had acted unfairly. She thought that UKI made reasonable efforts to contact Mr G with the contact information they were provided with.

Mr G disagreed with the second investigator's second opinion. He asked for an ombudsman to review the complaint. He says, in summary, that:

- He's dyslexic.
- UKI had his correct number—this is evidenced by text messages and WhatsApp communication after an accident in early December 2023.
- UKI never made any attempt to contact him by phone or email before placing the marker.
- This marker has severe and lasting financial consequences, and its continued presence—despite known errors on UKI's part—is completely indefensible.
- He will retract all potential action if the marker is removed, as that is all he is after.

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.

When he took out the policy, UKI had noted that Mr G's preferred method of contact was post i.e. letters. So I can't say that was an inappropriate way for UKI to communicate with him.

Mr G had also given a mobile telephone number ending "7271". Unfortunately, that wasn't correct.

UKI's policy documents included the following:

*"What happens if we can't collect your payment
If we have been unable to collect the instalment payment(s) due under your credit agreement on the date(s) due, we will write to you in order to give you the opportunity to make the payment(s). If any instalment amount remain(s) unpaid by the date we set out in our letter, we will give you 7 days' notice that we will cancel your policy, and inform you in writing when this cancellation has taken place."*

In December 2023, Mr G and UKI were in contact about a claim. From a call recording, I find that Mr G confirmed the incorrect mobile number.

I accept that Mr G must've used his correct mobile number before he received text messages dated 6 December 2023 and 13 December 2023 and an app message dated 23 December 2023.

However, I don't accept that he asked UKI to change its record of his number. So I don't consider that UKI ought reasonably to have changed its record of his mobile phone number.

The claim would be likely to increase Mr G's annual premium from the next renewal date in early November 2024, unless UKI had established that it wouldn't have to make a net outlay on the claim.

By a letter and text dated 24 July 2024, UKI told Mr G of the failed payment.

By a letter dated 10 August 2024, UKI told Mr G that he'd missed a DD.

By a text message dated 11 August 2024, UKI told Mr G that the payment was still outstanding.

On 22 August 2024, the next DD was paid.

UKI didn't try again to take the July payment by DD. I don't consider that this was unreasonable as it was a month overdue.

By a letter dated 24 August 2024, UKI reminded Mr G that the payment of about £90.00 was still outstanding.

By a letter dated 8 September 2024, UKI told Mr G that it would cancel the policy unless he paid the balance before 22 September 2024.

By a text dated 18 September 2024, UKI sent Mr G a reminder.

I accept that UKI used the incorrect mobile number for all its text messages about the missed payment and cancellation. So Mr G didn't receive any such texts. However, I don't consider that UKI did anything wrong by using the number Mr G had given.

From a screenshot, I've seen that all the letters were "*sent to print*" on their respective dates. From that I accept that UKI posted the letters to Mr G's address.

The email dated 23 September 2024 was the only communication UKI sent to Mr G by email. And he says it was the only one he received. However, UKI has explained that it sends emails about "policy documents". And I can't say that UKI should've sent more emails to Mr G, as this wasn't his preferred method of communication.

Overall I'm satisfied that UKI did enough to give Mr G a reasonable opportunity to pay the outstanding debt and reasonable notice before cancelling the policy.

So I don't find it fair and reasonable to direct UKI to change the way it has recorded the cancellation, or to do any more in response to this complaint.

My final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct U K Insurance Limited to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 17 June 2025.

Christopher Gilbert
Ombudsman