

The complaint

Miss T complained that Advantage Insurance Company Limited unfairly and unreasonably cancelled her motor policy.

What happened

Miss T's policy started on 1 July 2024. She insured her car plus a named driver. Advantage asked Miss T for some additional information namely a copy of the driving licence for her and her named driver, a copy of the V5 and proof of address on 5 August 2024. Its letter said that if it didn't receive this information by 12 August 2024, it may cancel her policy.

Miss T sent across her a copy of her driving licence, the copy of the V5 plus her proof of address on 6 August but she omitted the driving licence of her named driver. Advantage said it contacted Miss T on 7 August 2024 asking for the named driver's licence but never heard back from Miss T. So, it cancelled her policy on 13 August 2024, issuing a pro-rata refund, minus the cancellation fee.

Miss T complained on 13 August 2024 given her policy was cancelled and she thought she would be penalised by other insurers because of this. As she would now have to declare a policy had been cancelled. Her named driver had a speeding fine on his licence which Miss T didn't know about. On this basis Advantage wouldn't change its stance.

So, Miss T brought her complaint to us.

The main issue concerned the fact that Miss T felt she would have to declare this cancellation to every other insurer which would impact her premium. She thought this was unfair.

The investigator didn't think Advantage had been clear with Miss T over the status of her cancellation as it wasn't recorded on any external database as the reason for the cancellation wasn't deemed fraudulent. So, on this basis the investigator felt Advantage should pay Miss T £200 compensation.

As Advantage disagreed, Miss T's complaint has 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.

Having done so, I'm upholding this complaint along the same lines as the investigator. I'll now explain why.

There is no dispute that Miss T forgot to forward on the details of her named driver's licence. And there is no dispute that her named driver had an SP30 recorded on his licence for

driving in excess of 30 miles per hour in a 30 mile an hour zone. It is Miss T's duty to interrogate any intended named driver to ensure all such issues are declared when applying for the policy.

However, I can't see that Advantage contacted Miss T on 7 August 2024 as it said it did, as it didn't provide any evidence of this in its file to us. So, on this basis I agree with the investigator that the urgency and grave consequences any possible cancellation might have, weren't sufficiently highlighted to Miss T by Advantage, given its original letter of 5 August 2024 said, it 'may' cancel her policy only.

Quite rightly Miss T then told her subsequent insurer that a policy had been cancelled. She said this meant she had to buy a telematics policy to keep the premium price affordable. However, in view of the investigator's view on her complaint, her new insurer said it wouldn't affect her present premium amount, as in reduce it.

I also agree with the investigator that it's better for the insurer to use two forms of communication when warning of a cancellation and indeed confirming the cancellation, which wasn't done here.

When Miss T phoned on receipt of Advantage telling her that her policy was cancelled, she was told that it could potentially be reinstated once the required information was sent through. So, Miss T gave in the licence details for her named driver that same day. But unfortunately, Advantage refused any reinstatement due to the undisclosed SP30 on the named driver's licence. Advantage always remains entitled to decide what risks it wants to insure and what it doesn't. However, I would have expected that Advantage could have said the policy could be reinstated if Miss T dropped her named driver from the policy. But that didn't happen either.

Miss T remained very concerned about having to disclose to other insurers that she had a policy cancelled. Like the investigator I have listened to the call recording on 13 August with one of Advantage's advisers. At no time was she advised this was a cancellation only recorded internally so wouldn't be available to other insurers on any external database. In other words, it's not unlike the situation where Miss T decided to cancel the policy herself instead. Plus, how the adviser framed the answers it was very much implied to Miss T she must disclose this cancellation to other insurers.

I consider this is at odds with what Advantage told us when it was disagreeing with the investigator's suggestion to pay compensation. I agree it's not for one insurer like Advantage here to say or anticipate what information from applicants any other insurer might require. Had that been explained to Miss T by Advantage's adviser it might have helped her more. The fact remains that Miss T wasn't reassured in this way at all.

So, in conclusion, given I've not seen any email sent to Miss T of 7 August, I don't know what was said to her at that time. Adding to that, I don't consider what Advantage's adviser said to Miss T on the call recording of 13 August to have been that helpful in explaining the reality of the policy cancellation to Miss T. There is an argument that Advantage could have provided more flexibility to her since she had provided all of the documents required bar her named driver's licence, so options to extend the time, or to remove him from cover might have been much better than cancelling the policy too. Therefore, I'm in agreement with the investigator that a payment of compensation to Miss T is fair. I also consider the amount suggested by the investigator of £200 is reasonable and in line with our stance on compensation which is more fully detailed on our website.

My final decision

So, for these reasons, it's my final decision that I intend to uphold this complaint for compensation only.

I now require Advantage Insurance Company Limited to pay Miss T the sum of £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 7 July 2025.

Rona Doyle
Ombudsman