

## **The complaint**

Mrs M has complained that Grove & Dean Ltd trading as Performance Direct (G & D) unfairly charged a cancellation fee when it cancelled her car insurance policy. Mrs M is being represented in her complaint. She says G & D didn't make it clear as to whether 'driving other cars' (DOC) was covered.

All reference to Mrs M in my decision includes comments made by her representative on her behalf.

## **What happened**

In August Mrs M bought a car insurance policy through a comparison website with the broker G & D. The start date of the policy was in September 2024.

On the same day G & D called Mrs M to validate some details. During this discussion Mrs M asked if her policy provided cover for her to DOC. G & D said it didn't – and so Mrs M said the policy wasn't suitable for her. G & D cancelled the policy. It charged a cancellation fee of £55.

Mrs M complained to G & D as she didn't think it was fair to charge a cancellation fee. She said it was a specific requirement of hers to be able to drive other cars and she believed she had requested this when submitting her application online via the comparison site.

Mrs M said if it had been made clear to her that DOC cover wasn't available before purchase, she wouldn't have bought this policy.

G & D didn't uphold Mrs M's complaint. It said all the relevant information was available to Mrs M before she bought the policy and if she had any questions, she should have called G & D before purchase. It said it set out its fees to Mrs M before she bought the policy. So it was fair to charge its cancellation fee.

Mrs M remained unhappy and asked us to look at her complaint. One of our Investigators thought G & D had acted reasonably.

Mrs M didn't agree and wants an ombudsman to decide. In summary she says G & D didn't make it clear that the policy didn't provide DOC before purchase. It wasn't her choice to cancel the policy. Mrs M says she would have continued with the policy if it had the level of cover she required.

Mrs M says G & D told her in a phone call that it would refund the cancellation charge. She says the letter confirming it wouldn't charge anything for the legal expenses part of the policy was ambiguous. She wants G & D to refund the cancellation fee due to the confusion caused by its letter as it was interpreted as meaning no cancellation fee would apply to the policy.

I issued a provisional decision on 12 May 2025. I intended to uphold the complaint. I thought G&D hadn't been clear enough in the policy information it provided before sale as to whether

the policy allowed Mrs M to drive other cars.

Mrs M accepted my provisional decision. G & D disagreed. I've addressed their points in my findings below.

### **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.

#### *What I said in my provisional findings*

G & D has confirmed that before purchase, Mrs M was provided with the policy booklet, Insurance Product Information Document (IPID), and its Assumptions and Terms and Conditions.

G & D also provided screenshots to show the online journey Mrs M would have made before buying the policy. This shows that Mrs M was made aware beforehand that once purchased, G & D would charge a cancellation fee of £55 within the cooling off period. I'm satisfied that G & D were clear about what it would charge on cancellation before Mrs M bought the policy.

We don't think it is wrong for a business to make a charge on cancellation within the cooling off period, provided it has been clear about its charges and the policy before a customer buys it. A business incurs costs to set up the policy, carry out validation checks, issue policy documents and answer any initial queries – before the start date of cover.

When Mrs M brought her complaint to us, she said G & D wrote to her to confirm it wouldn't charge a cancellation fee. On reviewing the copy letter provided by Mrs M, the Investigator identified a misunderstanding. In this letter, G & D said it wouldn't make a charge for cancelling the legal expenses benefit under the policy.

I think the letter was clear. G & D highlighted that it referred to the legal expenses policy. It read;

*“This note is to advise that the Legal Expenses policy has been cancelled from inception and that no cover was in force. No charge has been made.”*

So I can't see that G & D wrote that it wouldn't charge a fee for cancelling Mrs M's car insurance policy.

In response to the Investigator's view, Mrs M says she was told on the phone that G & D wouldn't charge its cancellation fee. But this is different to the complaint Mrs M made that G & D wrote to her to say it wouldn't charge a cancellation fee, which I'm not upholding for the reasons given above.

Mrs M believes DOC is included as standard cover under most fully comprehensive policies. For this reason, Mrs M says G & D should have highlighted that the policy didn't provide this before purchase as a significant or unusual exclusion.

For some years now, DOC is not included as standard for fully comprehensive cover. Some insurers provide it, but some don't, and there can be restrictions. However, an insurer must provide clear and not misleading information before a consumer purchases a policy.

Before purchasing the policy, G & D provided the policy booklet and policy summary, also known as an IPID. Under the copy IPID provided by G & D, it reads:

*“Are there any restrictions on cover?”*

*“Driving other cars is restricted to the policyholder only and for third party cover only there is no cover for damage to the vehicle you are driving.”*

So from the IPID, this says Mrs M was insured to DOC on a third party basis. However, when Mrs M asked if she was insured to DOC in the call I've listened to, G & D said she wasn't. I therefore find the IPID provided by G & D was misleading.

Under the policy booklet which was available before purchase, G & D wrote;

*“Part A*

*Section 1 – Liability to others*

*Third Party Cover Continued*

*Driving other cars - What is covered*

*If your certificate of motor insurance says so, we will insure you to drive any private motor car that you do not own, is not registered to you and you have not hired under a hire-purchase or leasing agreement.”*

However, the certificate of insurance was not a document G & D made available to Mrs M until after she purchased the policy. So Mrs M couldn't have known if she had this level of cover until after she bought the policy.

Having looked at the certificate made available to Mrs M, it is silent on whether DOC is available. And so this doesn't match the information provided in the IPID.

Mrs M says she ticked a box to request 'driving other cars' but G & D said that no box exists. I haven't seen anything to contradict what G & D say here.

G & D says if anything wasn't clear it was for Mrs M to contact it before buying the policy.

However, from the information made available to Mrs M before purchase, I don't think G & D were clear as to whether DOC cover was covered under her policy. I think this was unreasonable.

Under the industry rules, firms have a duty to give consumers the information they need at the right time to allow them to make informed decisions.

So I intend to uphold this complaint. To put things right, I think G & D should provide Mrs M with a refund of the cancellation fee with interest at our preferred rate from the date of cancellation to the date of reimbursement.

For the distress and inconvenience caused, I think G & D should pay Mrs M £75 compensation.

*G & D's response to my provisional findings*

In response to my provisional decision, G& D say there is further information in the IPID which reads:

*“You'll be covered for driving other cars if displayed on your certificate of insurance”*

So it says that it is clear that if the certificate says cover for DOC is provided, it is provided on a third party basis only.

G & D says it is yet to see a certificate which states a policyholder cannot drive other cars. If the wording is not displayed, then the cover is not provided.

G & D says that DOC is not an optional extra and is something at the discretion of the insurer.

I've considered what G & D says here. I agree that some insurers provide DOC, and some don't. Some motor insurance certificates are silent, but I have seen others that specify that DOC doesn't apply. However, the fact remains that the IPID and associated documents did not tell Mrs M if she had DOC cover before she decided to buy a policy through them. It was not clear. So it wasn't possible for Mrs M to make an informed decision about this level of cover to prevent her from being charged a cancellation fee. Only the certificate – available after buying the policy – would confirm if she had DOC cover. This is unfair – as it is only after buying the policy that Mrs M is informed as to whether the insurer will provide her with DOC. And we know that some insurers do offer DOC.

So I remain of the view that G & D should refund Mrs M the cancellation fee it charged. And it should pay the compensation set out under my provisional decision.

### **My final decision**

My final decision is that I uphold this complaint. I require Grove & Dean Ltd trading as Performance Direct to do the following:

- Refund the £55 charge it made when it cancelled Mrs M's policy.
- Pay interest on the refund at a rate of 8% simple interest a year from the date of cancellation to the date it refunds Mrs M.
- Pay Mrs M £75 compensation for the distress and inconvenience caused.

Grove & Dean Ltd trading as Performance Direct must pay the compensation within 28 days of the date on which we tell it Mrs M accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 18 July 2025.

Geraldine Newbold  
**Ombudsman**