

## **The complaint**

Miss P says U K Insurance Limited ('UKI') put a default marker on her credit file without notice after cancelling her motor insurance policy, charged her too much, and didn't pay her the compensation it had promised.

## **What happened**

One of our Investigators issued a view not upholding Miss P's complaint about the cancellation on 21 November 2024. The cancellation was due to an unpaid direct debit under a credit agreement. In this complaint, Miss P says UKI later recorded a default notice on her credit record. She says it gave her no time to pay the sum due following our non-uphold decision in the previous case. She says she wasn't given prior notice of the default action, either. Miss P complained to UKI about that, about the sum it was charging her on cancellation, and about not getting the compensation it had agreed to pay her on the previous complaint.

In February 2025, in its reply to her complaint, UKI said the compensation had been sent to her in December 2024. As she hadn't received it, UKI sent her another cheque. UKI pointed out that the default process was set out in the information pack sent to Miss P in November 2023 when she bought the policy. It said it sent her a reminder of the sum due on 8 August 2024 (which referred to the default process) plus reminders on 28 August 2024 and on 7 September 2024. Miss P said she got the reminders (which didn't refer to the default process) but not the information pack, or the letter sent to her on 8 August 2024.

Another of our Investigators reviewed Miss P's new complaint. He issued a view not upholding it in May 2025. In his opinion, UKI had treated Miss P fairly and in line with the terms and conditions of the policy and the credit agreement.

As there was no agreement, the complaint was passed to me for 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.

The compensation from the previous complaint has now been paid. Miss B isn't happy that she's required to pay the whole cost of the policy following its cancellation, but that's standard practice when there's an open claim on the policy. Depending on how the claim is settled, Miss P may get a refund.

Insurers aren't required to suspend action whilst we are investigating a complaint, although we think it's generally good practice to do so. If we ask a business to put a process on hold, we'd expect it to comply unless there was good reason not to agree to the request. In this case, UKI wasn't asked to suspend the default action, by Miss P or by us, but she seems to

have assumed that it would do so automatically. I haven't seen anything to show that she checked with UKI or our Investigator at the time to see whether that was correct.

Miss P seems to think the default action should have been suspended automatically because we might have upheld her complaint about the cancellation being unfair. But she knew the outcome of her complaint with us was never guaranteed. Miss P told us she would have paid the sum due to UKI as soon as she got a non-uphold decision from us, had she been given the chance. But in fact, for weeks after the Investigator issued his view, Miss B continued to email him, restating her position.

UKI says the policy's terms and conditions, plus the other policy documents and the credit agreement, were sent to Miss P in a pack on 1 November 2023. Miss P would have had to agree to the policy terms, correct any errors in the documents, and agree to be bound by the credit agreement's terms and conditions. They set out that non-payment may lead to the policy's cancellation, to the end of the credit agreement, and to a report being made to credit reference agencies by UKI. But Miss P says she didn't receive the pack of documents, as they were sent by post.

UKI says it doesn't send the pack to consumers by email, but it emails them to say they're available on the portal. If Miss P didn't get the policy documents (which she must have been expecting to receive) or any notification about them, I think she could reasonably have been expected to query that. In my opinion, most consumers know it's important to check their documents when they buy a new policy to confirm the cover is correct. And the credit terms and conditions in particular would have required Miss P's agreement.

I think it's likely that the documents were sent to the portal in November 2023. The correspondence in the previous case shows that Miss P told UKI she couldn't access them when she tried to make a payment. UKI said that was because it was chasing the outstanding sum owed, and that she'd have full access to them again once payment was made. Taking all of this into account, I think it's more likely than not that Miss P was on notice from the start of UKI's right to cancel and to make default arrangements.

The cancellation confirmation letter sent to Miss P on 8 August 2024 referred to the need for her to pay the balance owed and to UKI's right to contact a credit reference agency 90 days after the cancellation. It was sent in the post (UKI says that's standard procedure with cancellation confirmations) and Miss B says she didn't receive it. UKI says previous cancellation correspondence was sent to her by email and text message.

The reminders about the need to pay the sum outstanding that were sent to Miss P on 24 August 2024 and 7 September 2024 were sent by email, and Miss B received them. The reminders didn't refer to the default process, and UKI says that's because they were standard letters, issued automatically. Unfortunately, those emails didn't prompt Miss P to contact UKI, although it must have been clear to her that it was still actively pursuing the debt, so I think she should have known she was required to do *something*. There was no certainty that her complaint would be upheld by us, and no deadline for our decision. So I think it would have been reasonable for Miss B to discuss the situation at that point with the Investigator or with UKI, rather than ignore the emails. Had she told either of them that she assumed UKI's default process was on hold, the current situation could have been avoided.

In my opinion, as Miss P had asked for correspondence by email, it would have been better service had UKI corresponded with her more by that method. I can't see why the cancellation confirmation letter couldn't have been sent to her by email as well as by post. Or an email referring to the letter could have been sent. But we can't instruct UKI what processes it should have in place.

Taking everything into account, although I sympathise with Miss B to an extent, I think she could have been more proactive in avoiding what happened. And although I don't think UKI's standard processes helped matters, overall I can't say it did anything substantially wrong. It follows that I can't uphold Miss P's complaint.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 23 October 2025.

Susan Ewins  
**Ombudsman**