

The complaint

A company, which I'll refer to as F, complains that AXA Insurance UK Plc cancelled its business protection policy in error and would not reinstate the policy.

Mr S, who is a director of F, brings the complaint on F's behalf.

What happened

F had a business protection policy, underwritten by AXX, and renewed it each year. The policy was set to renew automatically in September 2024 with a premium of £1,249.53 but, due to an error by AXA, the policy was cancelled.

Mr S asked AXA to reinstate the policy but it said this wasn't possible because the postcode for F's premises was in a high-risk flood area and it wasn't now offering policies for that area. AXA said it couldn't offer a new quote. It gave some details of a third-party referral company for Mr S to speak to in order to find a new policy for F.

AXA accepted there had been an error and offered £200 compensation. Mr S wasn't satisfied with this and referred the complaint to this Service.

Our investigator recommended that AXA change the records to show the policy as being cancelled by F and provide a letter confirming this, and compensate F for any additional premiums for the policy. He said the compensation of £200 already offered was fair.

AXA accepted the investigator's recommendation but Mr S didn't agree. He provided some further comments. The investigator considered these, but didn't change his view.

As no agreement was reached, Mr S requested an ombudsman's decision

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.

There's no dispute about what happened, or that there was an error by AXA, so I don't need to make any findings about that. The issue for me to determine is how to put things right.

Where something has gone wrong the aim is, as far as possible, to put the complainant back in the position they would have been in, if there had been no error.

I can't put F back in exactly the same position. Things have moved on and it now has a new policy with another insurer. But Mr S is concerned the new policy he found for F offers a lower level of cover for a higher premium. So I've considered how to address that.

If the old policy had been renewed with AXA, the premium would have been £1,249.53. Mr S says the premium for F's new policy is higher, because he had to tell the new insurer the previous policy was cancelled by AXA. F should not be out of pocket because of an error by AXA.

If AXA amends its records to show the policy was cancelled by F, and provides a letter confirming this, F can show that to the new insurer and ask it to review the premium.

If the premium is still higher than the premium that would have been charged on renewing the old policy, AXA should reimburse the difference.

If F wishes to increase the level of cover to the same level it had with the old policy, it may have to pay more for that. So if F provides evidence of a higher premium for the same level of cover, AXA should pay the difference. This should mean F has insurance with a similar level of cover as the old policy with AXA, and at a similar cost.

Mr S wanted figures for the payment to be made. I appreciate he would like clarity about this but I don't think that's possible, as it will depend on what happens once he has provided the letter to his new insurer and agreed the level of cover and premium. But if AXA provides a letter and covers any extra premium, I think this will be a fair way to put F as close as possible to the position it would have been in.

Although the situation has been upsetting for Mr S, I can't award compensation for any distress he has suffered. F is the policyholder and complainant, not Mr S. So I can only consider the impact on F. I think the compensation of £200 AXA offered is a fair way to acknowledge that there was some inconvenience caused to F. So I don't think AXA needs to pay any more. If the compensation hasn't already been paid, AXA should now pay that amount to F.

Putting things right

To put things right for F, AXA should

- Record the policy as being cancelled by F, not by AXA, and send a letter to F confirming this, which F can provide to the new insurer.
- If F keeps the same level of cover with its new insurer, reimburse any difference between the new premium and the amount of £1,249.53 it would have charged F for the policy that was cancelled.
- If F brings the level of cover with its new insurer in line with the policy it should have had with AXA, reimburse any cost to F over and above the original premium of £1,249.53 that F was due to pay to AXA for the same cover.
- Both of the above payments are subject to evidence from F of the level of cover and the premium charged.
- If any payment is made, add interest on this from the date the current policy was taken out by F to the date of payment at 8% a year simple.
- If it has not already done so, pay F compensation of £200.

My final decision

I uphold the complaint and direct AXA Insurance UK Plc to take the steps and make the payments set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask F to accept or reject my decision before 5 August 2025.

Peter Whiteley
Ombudsman