

## **The complaint**

Mr I has complained about the way First Central Underwriting Limited cancelled his car insurance policy. He also complains that its approved repairer (AR) provided him with a courtesy car that had no valid MOT.

## **What happened**

Mr I bought a car insurance policy with First Central. He agreed to repay the premium by way of monthly instalments under a credit agreement.

Mr I was involved in an incident and he made a claim to First Central. It arranged for Mr I's car to be repaired by an AR and they provided a courtesy car.

Mr I complained that the courtesy car had no valid MOT and he was unhappy that First Central cancelled his policy due to non-payment of premiums.

First Central acknowledged its AR had provided a courtesy car without a valid MOT. It said as soon as it realised, it asked Mr I to return it, but he refused. When the car was returned, an MOT was done. It said the courtesy car passed the MOT on the same day.

First Central said it had followed its cancellation process correctly. For the distress and inconvenience caused with the courtesy car, it paid Mr I £50 compensation.

Mr I remained unhappy and asked us to look at his complaint. He said nobody contacted him to ask him to return the courtesy car due to not having a valid MOT. He said it was he who made First Central aware of it. He didn't agree First Central had acted fairly and said the compensation paid wasn't enough to reflect the distress and inconvenience caused.

One of our Investigators thought First Central had acted fairly when cancelling Mr I's policy. But he thought First Central should increase the compensation it paid to £200 as he didn't agree £50 was enough to reflect the worry and upset caused.

First Central provided a copy of a note from the AR which said it contacted Mr I and asked him to return the courtesy car when it became aware it didn't have a valid MOT, but he refused to return it.

Mr I said the AR didn't try to contact him.

So the case 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.

There's no dispute that the courtesy car provided by the AR didn't have a valid MOT. Although First Central has provided me with a note to say the AR contacted Mr I, this isn't enough to evidence what it says happened. In any event, the fact is that the AR should not

have released a courtesy car to Mr I before checking it was roadworthy and held a valid MOT.

Mr I has explained his circumstances and the impact of finding out the courtesy car didn't have a valid MOT. Mr I said that he was a victim of a violent crime and suffers from PTSD and anxiety. He explained that realising he was driving a car without a valid MOT made managing his existing conditions harder for him. Taking this into consideration, I think a fair compensation award in this case for the distress and inconvenience caused is £200.

Before Mr I missed a payment in October 2024 under the policy, First Central had previously arranged for his repayment plan to be changed to take into account an earlier missed payment. Because of this, it didn't agree to change the repayment plan again – as this would have led to an even higher repayment amount Mr I would need to pay.

I can see that First Central contacted Mr I on several occasions by email and text to advise that he had missed a payment. It tried to collect the payment again. When it wasn't successful, it gave Mr I notice of cancellation. It cancelled Mr I's policy when the notice period expired. As there has been a claim under the policy, Mr I owes a balance for the remainder of the year.

I'm sorry to read of the impact the cancellation of the policy has had on Mr I. But I don't find that First Central acted unreasonably in doing so.

### **My final decision**

My final decision is that I uphold this complaint in part. I require First Central Underwriting Limited to pay Mr I an additional £150, so £200 total compensation for the distress and inconvenience caused by providing him with a courtesy car that didn't have a valid MOT.

First Central Underwriting Limited must pay the compensation within 28 days of the date on which we tell it Mr I 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.

If First Central Underwriting Limited considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr A how much it's taken off. It should also give Mr I a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 15 August 2025.

Geraldine Newbold  
**Ombudsman**