

The complaint

Mr A complains that Lexham Insurance Consultants Limited didn't give him sufficient warning before cancelling his motor insurance policy. He wants the cancellation marker removed.

What happened

Mr A took out a policy through Lexham and he applied for finance to pay the premium in instalments. But this was declined because Mr A was under 18 years old at the time. Mr A was asked to provide a guarantor or pay the premium in full. Lexham emailed Mr A, but he didn't see the email in time and so the policy was cancelled. Mr A thought this was unfair and he thought Lexham should have called or texted him.

Our Investigator didn't recommend that the complaint should be upheld. He saw that Mr A set up the policy online and Lexham had told him then that he would need a guarantor as he was under 18. But Mr A didn't supply one, so Lexham emailed him twice and then cancelled the policy after a week's notice.

Mr A later responded to the cancellation notice and said Lexham should have called him. But the Investigator thought Lexham had cancelled the policy in keeping with its terms of business using his preferred contact method. Mr A thought this was unfair as he was finding it hard to get affordable insurance because of the cancellation.

Mr A asked for an Ombudsman's review, so the complaint has come to me for a final decision. He said he hadn't seen Lexham's earlier emails. He thought his age should be taken into consideration.

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.

I can understand that Mr A feels frustrated that Lexham cancelled his policy and that this has now affected the cost of his insurance cover. I can also understand that he feels his young age should be taken into account. Our approach in cases like this is to consider whether the broker's acted in line with its terms of business and fairly and reasonably.

Lexham's terms of business state:

- *"We may cancel this contract at any time by sending at least 7 days' notice by letter or email to your last known address. We will give a reason (for example, failure to make payment, misrepresentation, we being unable to cover changed circumstances) and all cover will cease at the end of the 7 days' notice."*

Mr A selected a policy with Lexham through an online comparison site. He was directed to Lexham's site where he was told email was its main method of contact. Mr A confirmed his email address and opted to pay his premium monthly through a finance agreement. He was then told that as he was under 18 then he needed to provide a loan guarantor. But, from

what I can understand, Mr A completed the guarantor details with his own name but with a different date of birth.

I think Mr A should have been reasonably aware that he didn't meet the requirements for a loan, and that he hadn't provided the correct details to set up a guarantor for his loan.

I can see that Lexham then emailed Mr A to ask him to provide a guarantor or to pay the premium in full. Mr A didn't respond, so two weeks later Lexham emailed him again warning him that if a guarantor or payment wasn't received within seven days, then his policy would be cancelled.

I think the two notifications that Lexham sent to Mr A before it cancelled his policy were fair warning for him to make contact to pay his premium in full or to provide a guarantor. But Mr A didn't respond, and so Lexham cancelled the policy and emailed Mr A to notify him. Mr A responded to this email. And I can't see that he's said he didn't receive the earlier emails. He's explained that he didn't notice them as they weren't marked as urgent.

In addition to the seven days' notice, we think it's fair and reasonable for brokers and insurers to send confirmation to the customer once their policy has been cancelled. This is because of the implications of not having insurance. And I can see that Lexham did this.

We also think it's good industry practice for the broker or insurer to use the means of communication that reflects a consumer's communication preference to warn them about the cancellation and to confirm the policy has been cancelled. And I can see that Lexham used email which was Mr A's preferred method of contact. And I note that Mr A had set up his policy online.

Lexham has explained that it doesn't make outbound calls, and email was Mr A's preferred method of contact. So it hadn't used other contact methods such as a letter, call or text. I think Lexham acted fairly when it emailed the notices and confirmation of cancellation to Mr A.

As our Investigator has already explained, we generally think it's good practice for a broker or insurer to inform a consumer of cancellation using at least two communication methods. This is because of the importance of the cancellation and making a consumer aware so that they are not driving whilst uninsured.

But I don't think this applies in Lexham's case. This is because Mr A had selected email as his preferred method of contact. Lexham had pointed out in the application process that this would be its primary contact method with him. From what I can understand, the cancellation notice would also have been available on Mr A's online account which was set up when he took out the policy.

In summary I'm satisfied Lexham followed its standard processes, it provided sufficient notification of the cancellation and notified Mr A appropriately. And I'm satisfied Lexham can reasonably rely on its terms of business which allows it to cancel a policy with at least seven days' notice by email if payment hasn't been received. So I can't say that Lexham did anything wrong or needs to take further action.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 20 October 2025.

Phillip Berechree
Ombudsman