

The complaint

Mr R has complained about his former car insurer, Wakam. He says it gave him misleading information which caused him to drive whilst uninsured and then unfairly avoided his policy (treated it as though it had never existed).

What happened

In October 2023 Mr R's policy with another insurer came to an end. On 19 October 2023 Mr R made a payment to Wakam securing new insurance. The time of that payment is disputed and forms a key part of this complaint.

Mr R was stopped by the police at around 4.25pm on 19 October 2023. The motor insurance database had no record of cover for Mr R's car. At just after 4.30pm, Mr R having shown he then had cover (policy documents showing cover began at 4.30pm), was allowed by the police to continue on his journey. Mr R was later prosecuted for driving without a licence and had to appear in court in May 2024.

At that time Wakam was notified of the police stop. Its operative, when notified of the incident, misunderstood what had happened, and acted to avoid the policy on the grounds Mr R's car had been impounded at the time the policy began (which he had not disclosed). Wakam refunded the premium paid for cover.

Mr R was unhappy about everything that had happened. When he complained he explained that he had an email from Wakam which said he could drive from 3.30pm. He said his car had never been impounded. Wakam told our Investigator that the email Mr R had was sent at 4.30pm, after he had completed the policy application by paying for cover – but the time within the email, 3.30pm, hadn't been adjusted for British Summer Time (BST) (so the email was not actually sent or received until 4.30pm). It accepted it had acted unfairly regarding the avoidance though – however, it said, if its operative hadn't misunderstood things, it would still have acted to cancel the policy as it wouldn't have wanted to remain on cover where Mr R had driven whilst uninsured. It said it would amend the record to show Mr R had cancelled the policy but he would have to reimburse it the premium it had returned to him.

Our Investigator wasn't persuaded Wakam had caused Mr R to drive uninsured. But he was satisfied it had acted unfairly regarding the avoidance. He felt it should amend the record of the avoidance to one of cancellation by Mr R and waive the premium sum in lieu of paying compensation for the upset its unfair action had caused.

Wakam said it accepted our Investigator's findings. Mr R said he disputed them.

Mr R's main concern remained what had happened in October 2023. He said the email he had received might have been timed at 4.30pm – but he had definitely arranged insurance just after 3pm, with a screen shot appearing upon completion saying he could drive from 3.30pm (the same detail as in the email). He said he wouldn't have driven without confirmation he could and it was impossible to think he had completed an application in just a few minutes, at the side of the road, whilst being interviewed by the police. He said Wakam's records must have been manipulated. Mr R said Wakam's argument regarding

avoidance had always been weak – so an uphold on that basis, whilst welcome, wasn't really meaningful and didn't recognise the upset caused.

The complaint was referred for 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.

Having done so I find my view is the same as that of our Investigator. In short, I think Wakam failed Mr R regarding the avoidance, but not regarding the policy set up.

What time did the policy come into effect

In my view this issue is central to this complaint. So I'm setting out my views on it first.

I appreciate Mr R recalls having arranged this policy at just after 3pm on 19 October 2023. I understand that he's said he wouldn't have driven unless/until he had confirmation he could legally do so. However, from all of the evidence I have seen I think it's most likely that Mr R must be mistaken about the time at which he finally and fully arranged the policy. I've bulleted below the key details which satisfy me of this:

- Mr R partially completed an on-line quote on 12 October 2023, payment for cover was left outstanding so the policy wasn't completed.
- The police stopped Mr R at 4.24pm on 19 October 2023.
- The police officer's statement from the time of the stop said Mr R told it he could not prove he had insurance.
- The policy with Wakam was paid for, according to Wakam's records and began at 4.30pm.
- Mr R has not been able to show a time of payment from his card provider.
- At around 4.33pm the police allowed Mr R to drive away in his car.

I note the email Wakam sent Mr R, which said he could drive from 3.30pm. But I note it was only sent at 4.30pm. I also note that the police officer did not mention this email in his statement. I further note that Mr R later conceded he may not have received the email until 4.30pm, but also said that he saw a screen shot, containing the same detail, before setting out on his journey, although he didn't take a picture of that. However, that doesn't quite fit with Mr R saying he had shown the police officer the email, and it's difficult to think he meant he had shown the police officer the screenshot as evidence he could drive from 3.30pm instead of the email which was not received until 4.30pm, when he's said he didn't take a picture of that. So I'm not persuaded it was evidence of insurance being in place which was what caused the officer to allow Mr R to carry on his journey.

Overall, I'm satisfied that Mr R's policy with Wakam likely only began at 4.30pm, when he completed his earlier made application by paying for cover. For the avoidance of doubt, I'm satisfied that completing an application by making payment is something which is not onerous and can usually be done in a matter of minutes.

Being stopped by the police and prosecuted for no insurance

I appreciate Mr R feels strongly about this – that he thinks he did the right thing, that he had made sure he was insured before driving his car – and that Wakam is wrong to say he wasn't insured. I also appreciate that Mr R thinks Wakam's records must have been

manipulated. However, based on the detail I've seen, certainly taking account of the bullets set out above, I am satisfied that Wakam did not cause Mr R to drive whilst uninsured, nor did it fail to set up a policy for him when it otherwise should have at 3.30pm, thus causing him to be uninsured when stopped by police at 4.24pm.

Avoidance

Wakam, when told in May 2024 of the police stop, avoided Mr R's policy. It did that on the basis that Mr R's car was impounded but he hadn't said so when the policy was completed at 4.30pm on 19 October 2023. Wakam has since conceded it was wrong to do that because Mr R's car was not, and never was, impounded by the police. It's said it will change the record of the avoidance to one of cancellation by Mr R as of May 2024, on the basis that if it hadn't avoided the cover at that time, it would still have looked to cancel it.

I'm satisfied Wakam was wrong to avoid Mr R's policy. It should have dealt with things more carefully at that time. I don't doubt it's been stressful for Mr R, on top of everything that was going on with the court claim, to have the policy avoided. Although I also understand he mitigated the disruption caused to him by arranging new cover elsewhere.

The avoidance would have made it more difficult for Mr R to get cover. So I'm pleased that Wakam has acknowledged its mistake in this respect and agreed to amend the relevant records. Wakam is amending things to show the policy was cancelled by Mr R as at the date it initially told him it was avoiding the policy. I think it's fair to say, in the circumstances here, that once all of the details about the police stop and the dispute over when cover was arranged came to light, the relationship between Mr R and Wakam had been irrevocably affected. As such, I think the policy being marked as cancelled by Mr R as of May 2024 was a reasonable thing to do.

I'm satisfied it's also reasonable for Wakam to waive the premium it refunded to Mr R following the avoidance. It should have taken care to act fairly and reasonably in the first instance. It didn't do so and Mr R suffered upset as a result. I bear in mind it was getting on for a year later, and only after Mr R had complained to our Service, when Wakam said it would change the avoidance for cancellation – I think it was a little late by then to reasonably expect Mr R to still have the money it had returned to him after its avoidance. I accept he was caused worry by thinking he'd have to repay this sum. I bear in mind Mr R felt humiliated by Wakam suggesting he had lied to it about the car being impounded.

Without the premium issue in play, I might have been minded to think compensation of £750 to £1,000 would be fair. However, on this occasion I'm satisfied it's reasonable for the outstanding premium (of around £850) to be waived by Wakam in lieu of any direction from me for it to pay Mr R compensation for distress and inconvenience. To be clear – whilst Wakam is not being asked to pay compensation here, Mr R is benefitting by not having to repay the reimbursed premium to Wakam, effectively he has been compensated for the effects of Wakam's failure by receiving seven months of cover for free.

Mr R has said he isn't looking to Wakam for anything regarding extra cost of cover faced after its avoidance. So I won't make any direction to Wakam regarding extra costs.

Putting things right

I require Wakam to remove the record of the avoidance on its own and any industry database, instead reinstating the policy and marking it as cancelled by Mr R in May 2024 (when it initially and unfairly avoided the cover).

I also require Wakam to waive any premium it reimbursed to Mr R, such that it won't seek repayment of the sum it reimbursed following its initial unfair avoidance ie it can't ask Mr R to repay it any premium in order for the policy to be reinstated and then cancelled as of May 2024. This waiver is in lieu of compensation being awarded for distress and inconvenience.

My final decision

I uphold this complaint. I require Wakam to provide the redress set out above at "Putting things right".

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

Fiona Robinson
Ombudsman