

The complaint

Mr S has complained that Advantage Insurance Company Limited unfairly cancelled his telematics motor policy.

What happened

Mr S had recently passed his driving test and so took out this policy with Advantage on 12 July 2024. I understand he paid the premium of £3,361.65 up front.

The policy was a telematics policy which meant Mr S was provided with a tab or black box to fit in his car which then paired with his mobile phone. The app on his mobile phone then tracks his driving behaviour and indeed phone usage when driving. If the driving score drops below the limit set and/or the mobile phone is used, then Advantage can proceed to cancel the policy.

Mr S was involved in a minor accident in September 2024 which he reported to Advantage. And Advantage dealt with the claim from the other driver.

On 5 November 2024, Advantage contacted Mr S by text and letter that it was going to cancel his policy as his driving score didn't stay above 30 and due to phone use whilst driving. Later it said his driving score was a little over 27.

Advantage said if Mr S agreed to cancel this policy himself, he wouldn't have to disclose it to any new insurer. If Mr S agreed to do this then it would allow him four weeks to find a new insurer. Mr S cancelled his policy. He said he never used his phone in the car other than to listen to music.

Mr S thought the remainder of his premium should also be refunded, but Advantage explained that because he had been in an accident where the other driver claimed, that meant the entire premium was effectively used so there would be no refund of premium.

Mr S appealed but Advantage wouldn't change its stance, so as he remained dissatisfied, he brought his complaint to us. The investigator was of the view that Advantage hadn't done anything wrong. However, she said if Mr S could provide evidence of the usage of his phone, she could consider it further. Mr S said he didn't have anything else to provide to us, but he wanted an ombudsman to review his complaint. Therefore, Mr S' complaint 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.

Having done so, I'm not upholding this complaint. I do appreciate that Mr S will be very disappointed with my decision, so I'll now explain why.

Essentially my role is to examine and see if Advantage did anything wrong in how it dealt with Mr S' situation given the terms and the conditions of the policy. And obviously the terms and conditions of the policy lays out all of Mr S' duties and those of Advantage. If Advantage did something wrong then I will require it to put it right, but if it didn't do anything wrong, there is no need for me to ask it to do anything.

So, when Mr S applied for his policy, I can see that Advantage explained how a telematics policy worked both in the Insurance Product Information Document (IPID) and in the policy document.

In the IPID, it explains the following under 'What are my obligations':

- *'Your two week driving score and total score must stay above the minimum threshold or your premium may increase during your policy term.'*
- *'You must not speed or use your mobile phone whilst driving. If you do, your policy may be cancelled.'*

And the policy document explains:

'We collect your driving data through the Hastings Direct app and your YouDrive tab (which is the small wireless device you purchase from us, that we will send you in the post). You will be able to see clearly how you are doing in the Hastings Direct app after you have downloaded it to your smartphone and paired it to your YouDrive tab. You can see your overall driving score (out of 100) in the app, as well as how you drove on every trip you have made. Your driving score needs to stay above 30 at all times, or your policy may be cancelled. You will always get plenty of time to find insurance elsewhere and you can cancel the policy yourself, so any future insurance applications won't be affected. You may also be able to pay more for your policy and stay insured by us (please see the Cancellations section for more details). The Hastings Direct app will clearly show you if your driving score gets close to 30. We collect information about how your car is driven which includes speeding, high risk phone use whilst driving, hard braking, hard cornering and hard acceleration to help inform the price of your policy.'

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So, if Mr S kept his driving score (which was also available for him to view on his app before his policy was cancelled) at 30 or above and the app didn't show his phone had been used or indeed tapped, then as the driving score is fine, there is nothing that Advantage needs to do.

However, on 5 November 2024 Advantage sent Mr S a text saying:

'Hi, we're letting you know your YouDrive score didn't stay above 30. Please check your emails for more information and the next steps you need to take.'

It also sent a letter explaining:

'We gave you a better price when you bought your policy, in return for keeping your score above 30. Unfortunately, your score has fallen below this, so we'll have to cancel your policy.'

Why your score is low We measure how well you're driving by looking at your speed, acceleration, braking, cornering and whether you're using your phone while driving. If you want to know exactly why your score fell to 30 or below, you can find the details in our app.

If you contact us and cancel the policy yourself, you won't need to declare it to any new insurers.'

We asked Advantage for the data it had collected about Mr S' driving which it gave to us, and it also explained that on a journey during 3 November 2024, his phone was tapped as in the screen touched or it was moved at the same time there was some hard cornering going on with Mr S' driving. Later in the journey the phone was tapped again. And it had already explained to Mr S that his driving score hadn't stayed above 30. It explained to us that his overall driving score was 27.3 over all since July 2024.

I understand that Mr S' driving score was continually available for him to view on the app throughout this time so he was aware of how he was doing and so that he could make improvements if required.

Effectively this meant Advantage decided to cancel Mr S' policy based on the too low driving score plus the phone use. I understand Mr S said his phone had a new charger which wasn't working very well and that he only used his phone to listen to music when he was driving. However, that doesn't negate the low score driving which Mr S could have been monitoring from July 2024 on the app too. That also allowed Advantage to cancel his policy, unfortunately. Driving scores are really important in telematics policies and need to be maintained at or above the minimum score required.

So given the policy wording there is nothing to show me what Advantage has done wrong here in asking Mr S to cancel his policy.

Turning to the claim issue and the lack of refund of the remaining premium, when we buy a motor policy, we are asking the insurer to insure our car and our liability for getting into any accident with another driver or indeed anyone else. The premium is calculated on the risk factors Mr S or indeed any applicant poses consequently. In order to benefit from this cover, we have to pay a premium, which Mr S paid Advantage in full at the time the policy started. If he made any claim or indeed was involved in an accident where the other driver made a claim, which happened when Mr S was involved in this minor accident, then effectively an 'insured event' happened, which consequently means the premium is then all used up in effect.

No insurer will provide any premium refund in an annual policy if a claim has been made in the policy year if the policy is cancelled before the expiry date. Here Advantage paid the other driver's claim which was a claim made on Mr S' policy. So, the insured event happened so the premium for that insured event is then used up so as to be incapable of being refunded. If Mr S had damaged his car by accident with no involvement of anyone else and made a claim, so that Advantage would pay to have his car repaired, the same issue would have arisen there, too. As Advantage explained, if Mr S had been paying his premium by instalments, he still would have been liable to pay the entire premium if the policy cancelled, because a claim had been made on his policy before the cancellation. So, I consider it wasn't an excuse solely because Mr S had been involved in this minor accident, that Mr S didn't get any premium refund at all. It simply how motor insurance works and indeed all insurance policies.

My final decision

So, for these reasons, it's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 26 September 2025.

Rona Doyle
Ombudsman