

The complaint

Mr S has complained that his commercial vehicle insurer U K Insurance Limited ('UKI') cancelled his policy and didn't let him know until it was too late to reinstate it.

What happened

Mr S had an insurance policy for his van with UKI since July 2022. The policy renewed each year. UKI cancelled the policy on 4 December 2024 because it said that Mr S's direct debit failed and it wasn't able to collect his monthly premium.

Mr S complained to UKI and said that he only found out about the policy being cancelled after the event. He said when he called UKI, two days after the cancellation, it told him that it was too late to reinstate the policy. He said he queried why it didn't call or try other ways of contacting him to let him know the direct debit had failed, but it wasn't able to provide an answer.

UKI didn't uphold the complaint. It said it wrote to Mr S before the policy was cancelled saying there was an issue with the direct debit and that the policy would be cancelled if a payment wasn't received within 14 days. It said no payment was received or contact made. It wrote to Mr S on 4 and 20 November 2024 and then sent cancellation documents on 5 December 2024.

Unhappy with UKI's response, Mr S brought his complaint to our service. He said that he lost out financially by having to take out a new, more expensive policy. He added that the cancellation impacted his no claims bonus (NCB), and he missed out on another year's NCB due to the policy being cancelled before the end of the policy year. He also said he had a cancellation marker on his record. When he complained to UKI, he said he asked it to contact him on a specific phone number with its response, but it called him on a different number.

One of our investigators reviewed the complaint but didn't think it should be upheld. Our investigator said UKI contacted Mr S in line with its policy terms and as per his communication preferences which were to receive communication in the post and not email. Our investigator also didn't think that the fact that UKI called on a different number after the complaint, caused Mr S any detriment.

Mr S didn't agree and asked for an ombudsman's decision. He said if UKI had simply called him before cancelling the policy, he would have made the payment and the matter would have been resolved. He reiterated that he only received one of its letters, and no prior correspondence, and only after the policy was already cancelled. He said a call should have

been made bearing in mind the severe consequences one may face if caught driving without insurance. He also said he hadn't opted out of emails, only of email marketing.

As there was no resolution, the matter was passed to me to decide. In the meantime, UKI provided a call where it said Mr S had opted out of email communications. A copy was provided to Mr S before I issued my 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.

The policy says that if the customer misses a payment and UKI hasn't been able to collect it, it will write to the customer to give them an opportunity to make the payment. If the payment isn't made by the deadline set in its letter, it will give 14 days' notice that it will cancel the policy and it will inform the customer in writing when the cancellation has taken place.

UKI wrote to Mr S on 4 November 2024 to let him know it hadn't received his direct debit payment. It said it would try again in around 10 days. On 20 November 2024 it wrote to him again saying it was again unable to take the payment. It said a payment for £105.42 would need to be received within 14 days otherwise it would cancel the policy at the end of the 14 days. I have seen those letters and they were addressed correctly, so I think UKI did enough to make sure Mr S received them.

UKI said it didn't hear from Mr S so, on 5 December 2024, it wrote to him and said it was sorry he'd cancelled his policy and said there was a £188.28 premium payment which was outstanding.

Taking into consideration the terms of the policy I mentioned above, I think UKI's actions were in line with its policy.

Mr S said that UKI should have contacted him using other means, for example, by telephone. I have considered this but this isn't something UKI is required to do under the policy terms and UKI said it isn't something it has the facility to do in any event.

UKI also said that Mr S opted out of email communications which is why it only contacted him by post. I have listened to the relevant call which was made at the time of Mr S's 2024 renewal. UKI told Mr S it was trying to reduce paperwork and asked if he wanted the documents in the post or if he was happy to review them online. Mr S said he wanted them in the post. In light of this, in these very specific circumstances, I think it is reasonable that UKI noted "post" as his preference and didn't try to contact him using other means.

Mr S called UKI on 5 December 2024, a day after the policy was cancelled. He said he had received the 20 November 2024 letter but not the previous one. But by that point the policy had already been cancelled and UKI said it wasn't able to reinstate it so Mr S took out a new policy with it.

When Mr S called UKI he asked why it didn't call or contact him using other means. UKI said it didn't have a phone number saved for him otherwise it would have sent him a text. From what I have seen, Mr S's number was on his policy documents, so it seems UKI did have his

number. I have therefore considered whether, UKI should have sent Mr S a text before cancelling the policy. I think this is a finely balanced case and after further consideration, I have decided that UKI did enough to notify Mr S of the impending cancellation. I say this bearing in mind that, Mr S had opted for communication to be sent in the post, as well as the fact that UKI allowed over a month before cancelling the policy and wrote to Mr S twice before doing so as well as sending him the cancellation letter.

Mr S said the cancellation impacted him because he had to take out a new policy with UKI on 7 December 2024 which he said was more expensive than his previous one. As I don't think UKI's actions before the cancellation were unreasonable, I don't think it needs to pay him the difference. For completeness I will add that the policies don't seem to be like for like in any event. For example, in the latter Mr S chose to protect his NCB, something he hadn't done the previous year. I think this is something which would likely impact his premium.

Mr S also said that he has a cancellation marker on his record which he doesn't think is fair. From what I have seen, this cancellation wasn't noted on his new insurance policy. And UKI has confirmed to us that this was recorded as a cancellation which was carried out by Mr S rather than UKI and not recorded externally, so this isn't the type of cancellation Mr S has to declare when he takes out insurance. I think this is fair and reasonable. And in terms of his NCB, I don't think this was impacted either as it was already at the maximum amount of 9+ years.

I appreciate Mr S will be disappointed with my decision, but for the reasons I have given above I don't think UKI needs to take further action.

My final decision

For the reasons above, I have decided not to 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 November 2025.

Anastasia Serdari
Ombudsman