DRN-5762366

The complaint

Mrs I complains that when Wakam cancelled her policy they didn't refund her premium. And that she wasn't advised her car had been placed in storage and was incurring charges.

What happened

On 2 December 2023 Mrs I's car was stolen from outside her house. Mrs I accepts that she left the car running with the keys in the ignition so the theft was her fault. The day after the theft the car was involved in an incident during which other vehicles were damaged.

On 8 December 2023 Wakam advised Mrs I that her claim for her stolen car was rejected and they were cancelling her policy. Mrs I is unhappy that Wakam retained her premium which she'd paid in full for the period from 31 October 2023 to 30 October 2024. And that she wasn't advised that her car had been recovered and placed in storage. She only learnt of this on 14 December 2023 when she received a bill of £554 for storage charges.

Wakam told Mrs I that they were cancelling her policy as she was in breach of the term and condition in her policy requiring her to ensure that the car was kept safe and secure. And that they weren't refunding her premium as they'd received claims from two drivers whose cars had been damaged in an incident involving her car on 3 December 2023.

Mrs I doesn't accept her car was involved in an accident. She says the police told her it hadn't been. Although she's confirmed to us that the car was so badly damaged it had to be written off.

Mrs I raised a complaint with Wakam in July 2024 which they responded to on 18 October 2024. Her complaint related to them not refunding her premium and not informing her that her car had been recovered to a storage yard and was incurring charges.

In their response Wakam said Mrs I had been advised of their decision to decline her claim. They said they'd correctly retained her premium after cancelling her policy, as her car had been involved in an accident on 3 December 2023, and as they were potentially liable for any claims, the terms and conditions of her policy provided for them to retain her premium.

They apologised for not advising her that her car was in storage and that she needed to arrange to collect it. They accepted that they should have advised her of the car's location and not doing so was poor customer service. And they asked her to provide the invoice for the storage charges so this could be reviewed. They also offered her £25 for the delay in responding to her complaint.

Mrs I wasn't happy with Wakam's response and brought her complaint to our service. Our investigator considered the case and didn't think Wakam had treated Mrs I fairly. He said Wakam had agreed to refund the £554 Mrs I had paid for storage charges, together with 8% simple interest, which he thought was fair. They'd also agreed to pay Mrs I £250 compensation for the distress and inconvenience caused by communication delays which he also considered fair.

He was also satisfied on the basis of evidence from two other motor insurers that Mrs I's car had been involved in an accident, and arising from this there were claims Wakam were required to meet.

But he didn't think it was fair that Wakam had cancelled Mrs I's policy based on the breach of the condition requiring her to take reasonable care to safeguard her car from loss or damage.

Our investigator said that having considered the evidence he didn't think there was any specific prejudice to Wakam to warrant cancellation for lack of safeguarding. And that the decline of her claim was a sufficient deterrent against any further lack of safeguarding of her property.

He felt Wakam hadn't provided any evidence to show there was a change of risk, or that cancelling her policy was fair. So he said they should have allowed Mrs I to place another car on cover with them or cancel the policy herself if she chose to.

As a result of the cancellation he said Mrs I had to arrange a new policy, and had suffered distress and inconvenience due to her policy being cancelled without the seven days' notice her policy provided for. He said Wakam should pay a further £150 for this.

As he'd said that as Wakam hadn't shown it was fair to cancel Mrs I's policy he said they should refund her premium, less the cost of any time on cover. And they should waive any cancellation fees, remove any record of the cancellation from internal and external databases and provide Mrs I with a letter stating the policy was cancelled in error.

Mrs I was happy with our investigator's outcome, but Wakam didn't accept it.

Wakam said they had a valid reason for cancelling Mrs I's policy, as she was in breach of the general condition in her policy to safeguard her car. And due to this the risk of continuing to insure her had been assessed by their underwriters as unacceptable. And they didn't agree to amending how the cancellation was recorded, as this wouldn't be a true record of what had occurred.

Wakam later agreed to amend the recording of the cancellation of Mrs I's policy, to state that the policy had been cancelled by her. And they also agreed to pay the further £150 compensation our investigator recommended. But they maintained that they wouldn't agree to refund Mrs I's premium as they'd provided her with cover until her car was stolen and they'd paid the claims submitted to them arising from the incident involving her car after it was stolen.

Mrs I wasn't happy with this as Wakam wouldn't agree to refund her premium.

The case then came to me for a decision.

I issued my provisional decision on 5 August 2025 and in it I said: -

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The issue of the storage charges has been resolved and Wakam have paid Mrs I 8% interest in addition to refunding the payment she had to make, which I think is fair.

Wakam have now agreed to amend the recording of the cancellation of Mrs I's policy on internal and external databases to state that she cancelled her policy. And they've agreed to pay the further £150 compensation recommended by our investigator for how the cancellation was dealt with.

The outstanding issue that Mrs I has complained about is that Wakam haven't refunded her policy premium following the cancellation.

In looking at this I need to consider not only whether it was fair for Wakam to retain her premium but also whether the cancellation was fair. As if they shouldn't have cancelled the policy then the issue of refunding the premium wouldn't have arisen.

Mrs I's policy contains a general condition which says "You or any person in charge of the insured vehicle are required to take all reasonable care to safeguard it and its contents from loss and damage, for example the vehicle should not be left unlocked."

Mrs I acknowledges that she left her car unlocked with the keys in it. So she didn't complain about Wakam declining the claim for the theft of the car, as she told us she accepted this was her fault. She didn't directly complain about the cancellation of her policy, but this is part of the issue regarding the refund of her premium.

Wakam have said that because Mrs I was in breach of the policy condition to safeguard her car, they were entitled to cancel her policy. The policy states that Wakam may cancel it "where there is a valid reason for doing so." And valid reasons are said to include "Your failure to comply with any of the General conditions or General exclusions set out by this policy."

They've told us that their underwriters reassessed the risk of insuring Mrs I's car after the theft, taking into account the circumstances of the theft, and continuing to insure her was outside their risk appetite. So they applied their discretion in line with the cancellation rights in her policy.

Wakam have now provided a copy of their underwriting guidance which confirms what they've said about cancellation of the policy as Mrs I breached a general policy condition.

I'm satisfied that the terms and conditions of Mrs I's policy gave Wakam the right to cancel her policy as she left her car vulnerable to theft, by leaving it running with the keys in it. And that the underwriting criteria confirms that following a breach of policy conditions her insurance would be reviewed. Wakam have then made a commercial decision to cancel her policy, which they are entitled to do. And I think changing how the cancellation has been recorded, to show Mrs I as having cancelled the policy is fair given the circumstances leading to the cancellation.

The policy provides for Mrs I to be given seven days' notice of the cancellation of her policy. She wasn't given this as she notified Wakam of the theft on 2 December 2023 and was notified of the cancellation on 8 December 2023. Wakam have agreed to pay the further £150 compensation our investigator recommended for this, and I think that is reasonable.

In the event of cancellation, the policy provides for Wakam to retain the premium if there are outstanding claims they're required to deal with. Wakam have provided evidence confirming that her car was involved in an accident on 3 December 2023, after it was stolen. And that they've received claims from the insurers of the other vehicles involved in the accident which they've been required to settle.

I'm satisfied that Wakam received claims they were required to settle. And I've not seen any evidence to persuade me that Mrs I is correct in her belief that Wakam didn't receive such claims. And in these circumstances I think Wakam were entitled to retain Mrs I's premium.

So I partially upheld Mrs I’s complaint and to put things right I required Wakam to do the following:

- Amend the recording of the policy cancellation on all internal and external databases to reflect that the policy was cancelled by Mrs I.
- Pay Mrs I £400 compensation inclusive of the £250 previously offered to her, if not already paid.

Since I issued my provisional decision both Mrs I and Wakam have indicated that they accept my findings.

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.

Mrs I and Wakam have advised us that the accept my findings and my opinion on the case hasn’t changed.

My final decision

For the reasons set out above my final decision is that I partially uphold Mrs I’s complaint about Wakam and to put things right I require them take the steps set out above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs I to accept or reject my decision before 16 September 2025.

Patricia O'Leary
Ombudsman