

The complaint

Mr D has complained about Ageas Insurance Limited's decision to cancel his car insurance policy and the consequences of its decision.

What happened

The background is well known to both parties. In summary Mr D was involved in an incident in December 2023. He made a claim via his broker to the insurer Ageas.

Mr D complained about the handling of the claim which this service has looked at separately. Mr D's claim was eventually settled as a total loss claim.

The broker acting on behalf of the insurer cancelled Mr D's policy because he had changed address after the incident. It said the address wasn't one Ageas' underwriters were prepared to provide cover for. In March 2024 Ageas didn't uphold Mr D's complaint and said it had correctly cancelled his policy.

Mr D says this decision was unfair and caused him financial loss. He was unhappy with Ageas' request for documents from him which he said was difficult or impossible to provide due to his circumstances. Mr D said he continued to pay for finance related to the car, road tax and the insurance premium which he owed under the policy.

In December 2024 Ageas told this service it shouldn't have cancelled Mr D's policy for a change of address and this was an error. It made the following offer:

- To reimburse Mr D for any increase in premium he'd paid for insurance since the date of cancellation.
- Pay Mr D £150 compensation for the distress and inconvenience caused by incorrectly cancelling his policy.

Mr D said he didn't apply for another policy as he feared it would be too expensive when disclosing a previous cancellation by an insurer. Mr D asked this service to consider his claim for other losses, including moving costs and penalty charges for parking his car.

One of our Investigators found that Ageas had made mistakes. He didn't think Ageas acted unreasonably in asking for verification documents. In any event, any concerns around those documents were not the reason why Ageas cancelled Mr D's policy.

The Investigator explained that he couldn't ask Ageas to compensate Mr D for financial loss based on the information he'd provided. He found that moving costs, the penalty parking charge and Mr D's existing commitments in relation to the car were not related to Ageas's actions. While he understood why Mr D might not have applied for another policy, it didn't mean no alternative cover was available to Mr D. So the Investigator didn't recommend Ageas compensate Mr D for something he chose not to proceed with.

But the Investigator thought Ageas' should pay Mr D a further £100 compensation for the distress and inconvenience caused by wrongly cancelling Mr D's policy.

Ageas accepted the Investigator's findings. Mr D didn't agree. In summary he says he has been unable to insure a car and the length of time it has taken to get to this stage is unreasonable. He is concerned that due to the time that has passed, this has impacted on his No Claims Bonus as he hasn't had a car insurance policy since March 2024.

Mr D wants Ageas to pay £750 compensation, reimburse him for his claimed losses and waive the balance he owes under the policy.

So the case 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.

There's no dispute that Ageas made mistakes. When things go wrong, we look at what the impact was, and what an insurer did to put things right.

My decision is about the cancellation of the policy. It is clear that Ageas caused Mr D unnecessary distress and inconvenience by its decision in March 2024 which was incorrect. The reason Ageas has given for the cancellation mistake was due to human error in recording the information about Mr D's address on its system.

I have carefully considered the evidence Mr D has provided to support his claim for financial loss caused by Ageas. Having done so, I can't say that Ageas is responsible for the losses Mr D is claiming for by its decision to cancel his policy. Mr D moved location in December 2023, just after the incident and three months before Ageas' decision to cancel the policy. I cannot see how the parking penalty charge Mr D received relates to Ageas' actions. This was given as Mr D had left his car parked in a zone that required a parking permit.

Ageas settled Mr D's claim as a total loss. So it paid Mr D a market value sum for his car instead of repairing it. While Mr D's car is on the road, he is responsible for paying road tax. And any finance agreement Mr D has for the car is a matter between him and the lender.

When a claim is met under a policy, the full year's insurance premium is payable – as the insurer has met its obligations under the policy in full. This means that irrespective of the outcome, Mr D still owed the remaining yearly balance to Ageas.

Mr D says he didn't try to buy alternative insurance. He says that he had two options: to either tell an insurer he had a previous policy cancelled and incur higher costs – or answer a question about whether an insurer had previously cancelled a policy in his name incorrectly. Mr D is unhappy that there was an expectation (by us) for him to take out insurance before the outcome of his complaint in his favour, in order to mitigate his losses. He feels it unfair that because he cannot show a financial loss here, we have discounted his claim.

I appreciate that while Mr D was awaiting the outcome of his complaint, he would have needed to declare a previous cancellation by an insurer for alternative cover. I think a reasonable approach for any customer to mitigate loss would be to purchase insurance and answer the questions based on the information at the time – which until my decision – was that an insurer had previously cancelled a policy. So while there was a chance of loss – by having to pay a higher premium – Mr D would have mitigated it by continuing to be able to drive and avoid related financial losses by not having use of a car, or the risk of his NCD expiring.

I understand the reason why Mr D says he didn't try to buy insurance was because of the fear it would be too expensive with the inclusion of a cancellation marker. While I can sympathise with Mr D here, I can't reasonably say that Ageas is responsible for a related financial loss where one doesn't exist. As the Investigator explained, we look at what an insurer did, and whether a customer mitigated their circumstances. Because Mr D didn't seek alternative insurance, I have no evidence to show Ageas caused Mr D a financial loss.

I think Ageas' decision to cancel Mr D's policy was unreasonable and caused unnecessary distress and inconvenience. But taking everything into account, I think a fair compensation award for Ageas' failing is £100 in addition to the £150 already offered for the distress and inconvenience caused. I understand this is less than Mr D wants, but I'm not asking Ageas to pay any more for the reasons I've given.

My final decision

My final decision is that I uphold this complaint. I require Ageas Insurance Limited to pay Mr D a further £100 compensation in addition to the £150 compensation it offered in December 2024 for its poor service and unfair cancellation of his policy.

Ageas Insurance Limited must pay the compensation within 28 days of the date on which we tell it Mr D accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

If Ageas Insurance Limited considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr D how much it's taken off. It should also give Mr D a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 2 October 2025.

Geraldine Newbold
Ombudsman