

The complaint

Ms B complains, through her father, that Collingwood Insurance Services (U.K.) Limited (“CISL”) mishandled her motor insurance policy.

What happened

In March 2024, Ms B had a provisional driving licence. On about 15 March 2024, she went online and took out a learner driver policy through CISL (an insurance intermediary) with an insurance company associated with CISL.

The policy covered Ms B to drive a car owned by one of her parents.

By February 2025, Ms B had passed her driving test and got a full driving licence (for automatic cars). CISL discovered that fact while preparing for renewal of the policy.

By an email dated 18 February 2025, CISL invited Ms B to cancel the policy. The email included the following:

“You now hold a Full Automatic Driving Licence...we are unable to allow your policy to continue as... the insurance is now invalid.”

That email concluded as follows:

*“...if you wish to just cancel your policy you can reply to this email, and I will arrange the cancellation for you.
If we do not hear from you by 10.00hrs 19 February 2025 then your policy will be referred to your insurer which may result in the cancellation of your policy under their instruction instead of your own request which means you may need to declare this to any future insurers.”*

The insurance company cancelled the policy. CISL charged Ms B a cancellation fee of £40.00.

Ms B complained to CISL about its fee, its attempts to collect payment and about its communications.

By a final response dated 7 March 2025, CISL turned down the complaint.

By a letter dated 24 April 2025, CISL again turned down the complaint.

Ms B brought her complaint to us on about 9 May 2025.

Our investigator didn’t recommend that the complaint should be upheld. He thought that CISL had acted fairly.

Ms B disagreed with the investigator’s opinion. She asked for an ombudsman to review the complaint. Her father says, in summary, that:

- The policy said that cover would cease when she passed her driving test.
- So the policy automatically ended.
- CISL's claim that "*insurer may cancel*" is inaccurate.
- CISL's 19 Feb 2025 e-mail contained actionable misrepresentations. CISL gave a 24-hour ultimatum & false adverse-marker warning. This was coercive practice.

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.

I've taken into account the relevant law, contract terms, regulation and good practice. Above all, I have to decide what's fair and reasonable.

I've looked at screenshots showing the online steps Ms B must've taken to buy the policy. I'm satisfied that CISL made it clear enough to Ms B that a £40.00 fee would apply in the event of cancellation of the policy. I'm also satisfied that CISL did enough to draw Ms B's attention to its terms of business before she accepted those terms.

So I'm satisfied that the cancellation fee is fair.

I wouldn't expect the insurance company's policy to mention CISL's fees.

I've looked at the policy to consider what it said about duration and cancellation. I accept that the policy contained a note as follows:

"All cover will cease when you pass your driving test other than the 'get your vehicle home' cover described opposite"

However the policy also said the following:

"Important:

- *This policy is only designed to provide cover whilst you are learning to drive*
- *You must notify us immediately when you pass your driving test*
- *Your failure to inform us when you pass your driving test will mean that cover is not valid and you risk prosecution for driving without insurance"*

The policy also included the following:

"Important customer information

Notification of changes which may affect your insurance – keeping us updated

.... To keep your insurance up to date please tell us straight away via your Insurance intermediary about any changes which may affect your cover. Some examples are:

- *You pass your driving test."*

The policy also included the following:

"Cancellation by us (immediate cessation of cover)

Where there is a valid reason for doing so, we or our authorised service provider can cancel this policy immediately. We will refund the premium which will be calculated using the scale at the end of this section, as long as the reason for cancellation is not the result of a fraudulent act.

This is a non-exhaustive list of reasons why we may cancel your policy with immediate effect.

...

5. You pass your driving test."

So I find that there was a need for Ms B to tell the insurer when she passed her test. Whilst that would cause cover under the policy to end, I don't consider that the policy itself would end unless and until Ms B or the insurer cancelled it.

I find it fair that CISL gave Ms B the opportunity to cancel the policy before the insurer cancelled it. I'm not satisfied that Ms B took that opportunity on 19 February 2025.

I don't find CISL responsible for the insurance company's cancellation or the way it recorded it. So I don't find it fair and reasonable to direct CISL to try to change the insurer's record of the cancellation.

In any event, find it clear that CISL was entitled to charge the cancellation fee of £40.00.

CISL tried on 20 February 2025, 14 March 2025 and 27 March 2025 to take card payments. Ms B or her father revoked the payment authority on 31 March 2025, after which CISL didn't try again. So I don't see any breach of payment services regulations.

In the meantime, CISL had asked Ms B's father to answer security questions including his place of birth. I accept that Ms B or her father had provided an answer in March 2024. So I don't consider it was unfair or unreasonable for CISL to ask that security question in 2025.

I've reviewed CISL's communications. Whilst some of them will have been unwelcome, I don't consider that any of them was inappropriate or treated Ms B unfairly.

Overall I don't find it fair and reasonable to direct CISL to waive the cancellation fee or to pay compensation to Ms B or to do any more in response to this complaint.

My final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct Collingwood Insurance Services (U.K.) Limited to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 15 October 2025.

Christopher Gilbert
Ombudsman