

## The complaint

Mr V complains that Ageas Insurance Limited (“Ageas”) asked him to pay an increased premium shortly after renewal, and then cancelled his motor insurance policy when he didn’t pay the increased premium it asked for.

## What happened

Mr V had a car insurance policy arranged through a broker. The broker was acting on behalf of the insurers for the administration of the policy, and I’ll refer to the broker’s actions as being Ageas’s.

His policy was due to renew on 6 February 2025. The broker wrote to him in mid-January and said his policy would renew from his existing insurer to Ageas. The premium for the coming year was £186.72. Mr V paid in full.

In January 2025 Mr V had been involved in a collision with a third party. He didn’t tell Ageas about it, which he regarded as a light impact.

His policy with Ageas started on 6 February.

On 11 February the third party’s insurance company contacted the broker and said they were making a claim against Mr V. The third party said Mr V reversed his car into theirs.

Ageas wrote to Mr V and told him it would be increasing his premium by £112.15 which was the revised rate he should have been charged if it had been told about the collision before renewal. Mr V didn’t open the letter, so Ageas proceeded to cancel his policy with seven days’ notice.

Mr V wasn’t happy about Ageas cancelling his policy and he complained about the premium increase and the cancellation. He also said he’d been driving without cover for a short time.

The broker awarded Mr V £50 compensation because it hadn’t told Mr V about the claim that’d been made against him. This £50 compensation caused some confusion for Mr V.

Our investigator looked into his complaint and thought it wouldn’t be upheld. He said he thought Ageas had acted fairly when it re-rated and then cancelled the policy because Mr V didn’t respond.

Mr V didn’t accept the view and asked that the case was reviewed by an ombudsman, so it’s been passed to me to make a final decision.

I issued a provisional decision intending to uphold this complaint in part, because I don’t think Ageas acted fairly in how it cancelled Mr V’s policy, but I do think it was entitled to increase his premium:

*I can see from the file that Mr V has made a further complaint against the insurer of his policy from 2024-25, which is to say the insurer that was covering him when the collision occurred. That complaint is currently with that insurer and may reach this service in due*

course, but having read brief details of it, I'm not persuaded that it affects this complaint and decision.

Having read the file of evidence, I'm proposing to uphold Mr V's complaint in part and I'll explain why.

It's important I start by dealing with the collision that took place, and the impact of it on Mr V's policy renewal.

It's a requirement of the General Conditions of his policy wording (which is issued by the broker in this case, so the requirements are for both his previous insurer and Ageas) that:

*"4 Accidents or losses*

*In the event of an accident or incident likely to give rise to a claim which is covered under the policy, you must as soon as possible telephone the 24 hour Claims Helpline (where possible this should be within 24 hours of the incident occurring)."*

*This type of wording is common in the insurance marketplace and its use is fair.*

*The reason why Mr V needed to report the collision, no matter how slight he thought the impact was, is also mentioned in the same section of the policy wording:*

*"Your premium is based on information you supplied at the start of the insurance, subsequent alteration or renewal. You must tell us immediately of any change to the information..."*

*What this all means for Mr V is that there's a policy requirement for him to tell Ageas about the collision. I can see from the file that the Third Party Insurer ("TPI") has contacted the broker and said its insured has made a claim, even though the claim seems to have stalled.*

*So, a claim has been intimated, and the full details of that could take some time to be made to him (as the law allows for this), which in turn means that I think Mr V should have told Ageas, via his broker, about the collision when it happened and certainly before renewal.*

*I've listened to Mr V commenting that his car had no damage, and that the third-party vehicle suffered "at most" a broken indicator. So he was clearly aware there'd been an impact and some damage had been caused, even if he believed it was minor.*

*Insurers like Ageas calculate the premiums they charge on a range of factors including a driver's history. This would include claims or incidents notified, even if the driver doesn't believe a claim will arise. Ageas charged Mr V an additional premium when it became aware of the collision, and I think its actions in applying this extra premium were fair.*

*But I don't think the way it contacted Mr V and dealt with him from then on are fair, and I'll explain why.*

*A timeline has been provided to me:*

*"11 February 2025 – a Third-Party Insurer (TPI) contacted us to advise that Mr V had been involved in an incident, which led to their customer making a claim. This incident took place on 5 January 2025, which was before Mr V's policy started on 6 February 2025.*

*12 February 2025 – the broker sent a letter, via the post, to Mr V advising that due to a change in the policy, the premium had increased, and a further payment was required. This*

increase in premium was due to the claim reported by the TPI.

13 February 2025 – the broker sent another letter, via the post, advising Mr V that the additional premium needed to be paid in the next seven days, or the policy would be cancelled.

20 February 2025 – as the payment had not been made, the broker processed the cancellation of the policy.”

Looking at this timeline, it seems to me that the broker (I’ve said above, working on behalf of Ageas) moved from being aware of the claim, to cancelling the policy in ten days.

I asked Ageas how it had told Mr V about the additional premium and the cancellation and it said it had only written to him, in line with his stated communications preference.

It’s this service’s approach that when a business wants to contact a customer about something as important as a policy cancellation it should use at least two different methods of communication. I can’t see that Ageas did this, but I can see it had Mr V’s telephone number.

In Mr V’s case, he told this service that he’d not opened the first letter. I appreciate this means he’d obviously received it, but the reason why two methods of communication are so important is that it could have prompted him to take action rather than ignore the letter. Mr V has said he was without cover for a few days as he hadn’t opened the first letter or received the second one. Ultimately, nothing happened to him during those few days, but the implications could have been very serious if he’d been driving without cover.

I’ve also thought about the timescales involved. Given that Ageas mailed Mr V twice on consecutive days, first with a request for additional payment and then notifying him of cancellation within a further seven days, I don’t think it’s fair that Ageas moved this swiftly to cancel his policy.

I’d also comment that Mr V had paid upfront for his policy, and had paid about 60% of the total uplifted premium, so I don’t think Ageas’ action in cancelling his policy about two weeks after it began was proportionate in this situation.

Because I don’t think its actions were fair, I think Ageas needs to remove records of its cancellation from its internal records and any external databases it has updated. It also needs to write to Mr V and confirm that he doesn’t need to tell other companies about it cancelling his policy in future.

Taking everything into account, I’ve said I don’t think Ageas’ actions were fair and it’s caused Mr V some distress and inconvenience.

But Mr V should have reasonably reported the collision under the terms of his policy. If he’d done so, his renewal would have been adjusted and Ageas would have been able to provide him with an accurate renewal quote, rather than as a mid-term adjustment.

So, on balance, I think Ageas caused Mr V distress in its actions of swiftly cancelling his policy, but I think Mr V needs to take some responsibility for that by his actions in not reporting the collision. I think the appropriate amount of compensation should be set at £100.

### **Responses to my provisional decision**

Mr V didn’t respond, and Ageas said it had nothing to add.

## **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.

As both parties supplied further information that might change my mind, my final decision and reasoning remain the same as in my provisional decision.

## **My final decision**

It's my final decision that I uphold this complaint in part. I direct Ageas Insurance Limited to:

- Pay Mr V £100 compensation for his distress and inconvenience.
- Remove records of it cancelling his policy from any internal and external databases it's updated.
- Write to Mr V and confirm he doesn't need to tell other insurance companies about it cancelling his policy.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 29 October 2025.

Richard Sowden  
**Ombudsman**