

The complaint

Mrs P complains that UK Insurance Limited ('UKI') – trading as Direct Line – didn't disclose important information before she cancelled her motor insurance.

Mrs P is represented in this complaint by her husband. I'll refer to both Mr and Mrs P in my decision.

What happened

Mrs P had a UKI motor insurance policy. In February 2025, her car was stolen. The policy automatically renewed a few days later. A few days after that, Mr P called UKI to discuss their options. UKI's agent explained that they could suspend or cancel the policy. Mr P decided to cancel.

The car was recovered a week later and Mr P tried to reinstate the policy. However, UKI told him this wasn't possible and he had to get a new quote. It then told him it wouldn't insure the car. Mr P was unhappy with this. He said its agent should have told him this during the discussion about cancelling or suspending the policy.

UKI told Mr P its agent *"outlined the key differences between the suspension and cancellation, explaining that suspending a policy will allow the cover to be reinstated later and a refund provided for the time on suspension, and for cancelling the policy a new business quote would be required to provide future cover."* It said it wasn't realistic for its agent to cover all future circumstances and its decision to decline cover was correct.

Mr P didn't accept this and brought the complaint to this service. He believes UKI *"misled [him] about the choice between suspension and cancellation by not giving [him] the full picture."* As a result, his wife had to take out a more expensive policy with a different insurer.

Our investigator didn't recommend that the complaint should be upheld. She was satisfied that UKI could make an underwriting decision not to write new business on Mrs P's type of car. She thought its agent explained the key points about suspension and cancellation, and the information she provided was reasonable.

Mrs P didn't accept this, so the complaint was passed to me.

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.

First, Mr P has told us he's unhappy with UKI's assessment of his wife's claim. That isn't the subject of this complaint and I make no comment on that point. If Mr P wants to complain about that, he should do so to UKI in the first instance.

Second, UKI made a commercial decision to stop insuring Mrs P's type of car for new customers but continue to insure it for existing customers. The risk of insuring a car is UKI's to take on, so it's absolutely right that it – like any insurer – can decide what cars it's willing

to insure. I don't think Mr P disputes that. Instead, he believes UKI failed to give him all the information he needed before he cancelled his wife's policy.

UKI's agent explained that Mr P could either cancel the policy and get a full refund, or suspend the policy and receive a refund for the suspended period once the policy was reinstated. He also explained that if Mr P bought a new car he'd *"have to start up a new policy"*.

I agree with Mr P that the agent didn't explain the implications of what starting up again meant, what would happen if the car was found, or that UKI no longer wrote new business on Mrs P's car. However, I agree with UKI that its agents shouldn't be expected to cover all future scenarios, particularly if those involve potentially complex underwriting decisions.

It told us: *"At the time of the customer's request to cancel their policy, there would have been no indication to our handler that [Mr and Mrs P] may have required cover on the same vehicle again."* I agree. During the call neither Mr P nor the agent discussed this possibility. The only mention of it was when Mr P checked that he wouldn't be liable for anything should the insurance be cancelled and the car recovered.

UKI confirmed that there would be *"no indication that our underwriters would decline cover on this... [and] no means for Direct Line to advise on whether we would accept a particular risk, until an assessment of said risk is completed."* I don't think that's unreasonable, and it's consistent with Mr P's experience when he applied for a new policy several days later. He told us he got all the way through the process before the agent discovered UKI wouldn't insure the car.

Mr P also told us that he and his wife had already resigned themselves to the car not being recovered. I'm not persuaded that it's more likely than not he would have suspended the policy if he thought the car was lost, even if UKI had told him it wouldn't insure the car if it was recovered.

But more importantly, I don't think UKI needed to give Mr P any more info than it did. I think it was enough for its agent to have explained the difference between cancellation and suspension, and given Mr P the choice on how to proceed. I don't think it was necessary for UKI to have told him it might not be able to reinsure the car if it was recovered.

Finally, the car was stolen just a few days before the policy renewal date. As UKI told us, the new claim would almost certainly have increased Mrs P's premium if UKI had recalculated it. Instead, it honoured the existing renewal quote. I think this would have been an artificially low premium. I think the premium Mrs P is now paying is likely to be more reflective of the true price of the risk her insurer is carrying.

Mr and Mrs P have my sympathy. I think they've been caught in a very unfortunate situation. But, on balance, I don't think UKI has done anything wrong. It follows that I don't uphold the complaint.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 28 October 2025.

Simon Begley

Ombudsman