

The complaint

Miss C and Mr F complain about Covea Insurance plc's decision to cancel a car insurance policy in Miss C's name. They also complain about the information Covea gave them after it cancelled the policy.

What happened

Miss C bought a car insurance policy through a broker with the insurer Covea in May 2024. Miss C was the main policyholder. Her mother Ms C, and her partner Mr F were named drivers.

The broker on behalf of Covea cancelled the policy. Miss C and Mr F were abroad on holiday when Ms C opened a letter at home for Miss C. It was from the broker confirming the policy had been cancelled.

Miss C and Mr F complained to Covea. Their complaints were:

- Covea unfairly cancelled Miss C's car insurance policy and the drivers were unaware of the cancellation.
- Covea failed to properly explain its reasons for cancelling the policy.
- Ms C was unknowingly driving while uninsured.
- Miss C and Mr F's holiday was ruined due to having to deal with the cancellation while they were abroad.
- Miss C and Mr F are concerned as to the ongoing financial implications of the cancellation.
- Covea poorly handled Miss C's complaint.
- Miss C is unhappy with the way a call was handled with a named agent when discussing the complaint in June 2024.
- There are discrepancies in the details Covea holds and relied on about Mr F which led to the unfair cancellation of Miss C's policy.

Covea responded to Miss C on 5 July 2024 and to Mr F on 7 August 2024. In summary Covea didn't uphold the complaints. It said during routine checks it was unable to locate Mr F's details with the address provided. On further checks, it found a link to a previous record of ID theft in Mr F's name. So it needed verification documents. Without these, it instructed the broker to give seven days' notice of cancellation.

Covea said the policy was correctly cancelled on 31 May 2024.

From listening to call recordings, Covea said it had explained the reasons for cancelling the policy.

Covea explained that the broker was responsible for issuing notice of cancellation. If Miss C didn't receive this notice, which led to Ms C unknowingly driving uninsured, this would need to be raised with the broker.

Covea said it understood the cancellation may have caused inconvenience and distress while they were on holiday, but it said it had processed the cancellation correctly. It found there were no errors or concerns with the way the key call was handled in June 2024. Covea said it dealt with the complaint correctly.

Covea said there were no ongoing financial implications. Covea reinstated the policy promptly. It said it hadn't recorded any adverse marker about the cancellation.

Miss C and Mr F remained unhappy and brought their complaints to us.

One of our Investigators explained that she could only look at the actions of the insurer Covea, and not the broker. Miss C and Mr F would need to raise a complaint about the broker separately if they were unhappy with their actions. The Investigator also explained that this service could not look at how Covea handled Miss C's complaint as this is not a regulated activity. She explained that regulated activities are set out by the regulator, The Financial Conduct Authority.

The Investigator thought the complaint should be upheld in part. She thought Covea had acted unreasonably in moving to cancel the policy, rather than remove Mr F as a driver under the policy. From what she saw, there were no validation issues with Miss C as the main policyholder or the other named driver, Ms C. So she thought Covea's decision was unduly harsh.

The Investigator noted that once Covea became aware of the issue, it promptly reinstated the policy. But for the distress and inconvenience caused, she recommended Covea pay £150 compensation.

Covea accepted the Investigator's recommendation.

Miss C and Mr F disagree and so they've asked for an ombudsman to decide on their case.

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.

For the same reasons the Investigator has explained, my decision will deal with the complaints this service can look at, and if Covea has acted reasonably. My decision doesn't take into account what the broker did, or any discussions between Miss C and Mr F with the broker. If they are unhappy with the broker, Miss C and Mr F can raise a separate complaint against them.

Covea said that it couldn't initially trace Mr F from the details provided shortly after Miss C bought the policy. I understand Mr F wants an explanation as to why or how this could be, given Covea were able to then trace a record of previous identity theft in Mr F's name.

In 2019 a claim had been made which, on speaking with Mr F, Covea discovered a policy and claim had been set up as a result of identity theft. So it removed the claim from a central database which records claims. Under a separate fraud database, it says it recorded Mr F's vehicle and details as there was a risk of future policies being set up the same way.

These are two separate third party databases.

Covea told Mr F it removed the claim from the claims database in 2019. Mr F isn't satisfied the claim had been removed in 2019 and wants us to check the database's historical transactions. We cannot do this. And Covea says this isn't possible. Covea has provided a screenshot to show the claim isn't there along with an internal email from 2019 requesting the claim be removed then.

I've seen no evidence that the claim wasn't removed in 2019 – and no evidence of any impact on Mr F as a result of the fraudulent claim.

Covea said the ID theft from 2019 had been recorded on an internal 'watchlist' to prevent future policies being fraudulently taken out in Mr F's name. It later clarified that there is no 'watchlist' but it was able to obtain the recording of the previous ID theft when carrying out searches under the fraud check database. When it couldn't trace Mr F's details on the set up of Miss C's policy, it said it was however able to locate the previous ID theft.

I don't know why Covea wasn't able to locate Mr F when it first carried out a search. It's possible this was due to human error, as a subsequent search by another agent showed they were able to locate Mr F at an address separate to Miss C's.

It isn't unreasonable or unusual for an insurer to carry out validation checks – irrespective of whether there was a history of ID theft. So I don't find anything inherently wrong in Covea's request for validation documents for Mr F.

As I've said, I cannot look at the actions of the broker. If Miss C wasn't aware of the cancellation until after the cancellation date, this is something she will need to raise with the broker who issued the cancellation notice and confirmation.

I think there may be some confusion in relation to the claims database and a link to the cancellation of Miss C's policy. Any recording or removal of the fraudulent claim in 2019 from the central claims database has no relevance to the reasons why Miss C's policy was cancelled. Where the 2019 claim links with what happened in May 2024 is that – when unable to trace Mr F – Covea was able to locate a record of identity theft from 2019 because of the (removed) claim in Mr F's name. So while it was entitled to request validation documents in Mr F's name in any event, as Covea was aware of the history, it was reasonable to make further enquiries to prevent any future policy from being set up using Mr F's details fraudulently.

But I agree with the Investigator that the approach Covea took to cancel the policy was unfair here. It could have instead removed Mr F as a named driver on 31 May 2024, rather than cancelling the policy. Where a customer has to declare an insurer has previously cancelled a policy, it can have negative consequences. This is because most insurers charge more for a policy in these circumstances.

I've listened to the call with a named agent on 28 June 2024. The purpose of the agent's call was to make sure Covea had correctly recorded all of Miss C's complaints. Miss C said the agent was rude to her. I found no evidence of this.

Mr F has asked this service to carry out more checks with Covea in relation to his Subject Access Request, to investigate why it couldn't initially trace him, and to provide its process when requesting validation documents. Mr F says he doesn't feel their concerns have been properly considered and so the compensation recommended by the Investigator doesn't reflect the impact of Covea's poor service on them.

Our Investigator explained that if Mr F is unhappy with the way Covea had handled his Subject Access Request, he can contact the Information Commissioner's Office. We don't interfere with an insurer's decision as to when it wishes to ask for validation documents. As I've said, it isn't clear as to why Covea's initial checks failed to trace Mr F.

I haven't seen any evidence to show that Covea has caused Miss C or Mr F financial loss in the way it recorded either the removal of a claim in 2019 – or the existence of a record of Mr F's identity having previously been stolen.

I've listened to key calls provided by Covea. These show that once it became aware of Miss C and Mr F's concerns after cancellation, it acted promptly and reinstated cover on receipt of the requested information.

So while I don't think it was wrong for Covea to ask for validation documents from Mr F, I think its decision to move to cancellation of the policy in seven days rather than remove Mr F from cover was unreasonable. I can appreciate that the cancellation caused some distress

and inconvenience to Miss C and Mr F while on holiday as they say they found out the policy was cancelled after the date. As I've said, communication of the cancellation was carried out by the broker. So any distress and inconvenience caused by not being aware of the cancellation and unknowingly driving uninsured isn't something I can decide on against Covea.

I therefore think a fair outcome is for Covea to pay £150 compensation to Miss C and Mr F for the distress and inconvenience caused by its decision to move to cancellation. I think it should have instead removed Mr F from the policy until such time it received the required documents.

My final decision

My final decision is that I uphold this complaint. I require Covea Insurance plc to pay Miss C and Mr F £150 compensation for the distress and inconvenience caused.

Covea Insurance plc must pay the compensation within 28 days of the date on which we tell it Miss C and Mr F accept 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 Covea Insurance plc considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Miss C and Mr F how much it's taken off. It should also give Miss C and Mr F a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C, Miss C and Mr F to accept or reject my decision before 10 December 2025.

Geraldine Newbold
Ombudsman