

The complaint

Mx C complained that Advantage Insurance Company Limited unfairly cancelled their car insurance policy.

All reference to the insurer Advantage in my decision includes its agents.

What happened

Mx C bought a car insurance policy with the insurer Advantage in November 2023.

In August 2024 Mx C tried to update their policy online with some changes, but wasn't able to. So Mx C called Advantage to report the changes. The agent said it wasn't possible to carry out the changes to the policy and said it would need to be cancelled, but would put Mx C through to arrange a new replacement policy.

Among the changes Mx C wanted to make, one was a change of address. This wasn't an address Advantage would provide insurance cover for. So Advantage told Mx C it couldn't offer a new policy.

Mx C wanted Advantage to reinstate the cancelled policy. But Advantage said it couldn't do this. So Mx C complained to Advantage. As it had immediately cancelled their policy, they were left with an uninsured car outside their home. They said they had to immediately purchase a replacement policy which they said was much more expensive. Mx C was building a second year's No Claims Bonus (NCB). The cancellation meant Mx C had earned 9 months towards a second year, which was lost by the cancellation. They say this impacted on the price they paid for replacement car insurance, along with not being able to buy cover up to three months in advance, which they say is usually cheaper.

Advantage upheld the complaint in part. While it said it had correctly cancelled the policy as it couldn't offer cover for the change of address, it said it should have given Mx C seven days' notice to have time to arrange alternative insurance.

For the distress and inconvenience caused by failing to give notice of cancellation, Advantage paid Mx C £200 compensation.

Mx C remained unhappy and asked us to look at their complaint. One of our Investigators thought Advantage should provide Mx C with a full second year's NCB in addition to the £200 compensation it paid.

Advantage disagrees. It says if it had correctly cancelled the policy seven days later, the outcome in relation to Mx C's NCB would have been the same. It says the Investigator's recommended remedy to resolve the complaint isn't proportionate.

Mx C replied. They have raised some concerns about an incident under the replacement policy. This doesn't relate to their complaint about Advantage, and so doesn't form part of my decision.

I issued a provisional decision on 29 September 2025. I didn't think Advantage had acted

unreasonably so I didn't intend to uphold the complaint.

The case has been passed back to me for a final decision as I hadn't received a response from either party to my provisional decision.

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.

When Mx C bought their car insurance policy with Advantage, it explained its cancellation process. The insurer is entitled to cancel the policy where it is '*prevented from providing cover under this policy by law or other reason*'.

Under Mx C's policy documents which were sent on 20 November 2023, Advantage set out the following under the policy booklet;

"Cancellation notice

Except where your insurer is entitled to cancel your policy with immediate effect, your insurer will provide you with a minimum of seven days' written notice of cancellation which will be sent to the last email or postal address on our system."

Advantage accepts that it should have given Mx C seven days' notice of cancellation, but it failed to do so. Advantage cancelled Mx C's policy immediately and confirmed this by email on the same day.

When things go wrong, we look at what would have happened if an insurer had acted reasonably, what the impact was, and whether it has done enough to put things right.

Advantage has provided underwriting information to show that it would not have offered a policy for Mx C's change of address, among other changes. Insurers have their own appetite for risk. So this varies widely across the market. A change of address can make a material difference to whether an insurer wishes to continue to provide insurance.

It is not for us to tell an insurer what risk it wishes to take on. This is a commercial decision and so we cannot interfere with that. And as an insurer's underwriting criteria is commercially sensitive, we cannot share it with customers. But we can ask an insurer to share it with us to check it has treated a customer fairly when applying it.

In this case, I am satisfied from the information provided that Advantage did not provide cover for the change of address for Mx C. So while I understand the impact on Mx C, I find its decision to cancel Mx C's policy was reached by treating them fairly and as it would any other customer in the same circumstances.

As Advantage has accepted, it acted unfairly by not giving Mx C seven days' notice of cancellation. I've considered what would have happened had Advantage not made any errors.

If Advantage had correctly followed its cancellation process, it would have given Mx C seven days' notice of cancellation. But this would not have changed the outcome for Mx C in having to obtain alternative insurance within the following seven days. And it wouldn't have changed the fact that Mx C hadn't yet earned a second year's NCB.

I understand that the impact of the changes Mx C reported meant a loss of a full year's NCB for Mx C. But I have considered whether Advantage treated Mx C fairly. And I find it did. As it was unable to provide continued cover – even if it had correctly cancelled the policy seven days later – this meant Mx C had not earned a full year's NCB.

I think Advantage caused distress and inconvenience by cancelling Mx C's policy immediately. This meant Mx C had to look for alternative insurance on the same day.

But I find the compensation award Advantage paid of £200 for this failure is reasonable and in line with awards we give in similar circumstances. And Advantage confirmed it has given feedback to the agent's manager. As I've said, had Advantage made no errors, it was entitled to cancel the policy seven days later that it did, and the remaining impact on premiums and NCB would have been the same. I think having the policy cancelled would have been disappointing to Mx C in any event. This is understandable. But – outside of the failure to give notice of cancellation - I find Advantage treated Mx C fairly. I think Advantage has done enough to resolve the complaint.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mx C to accept or reject my decision before 11 November 2025.

Geraldine Newbold
Ombudsman