

The complaint

Mrs S complains that BISL Limited cancelled her motor insurance policy. She wants compensation for the inconvenience this has caused.

What happened

Mrs S's policy was renewed through BISL, her broker/policy administrator, with no claims having been made within the previous five years. But then the insurer notified BISL that there had been an incident in the previous month that Mrs S hadn't disclosed. It wasn't able to continue the policy and so BISL notified Mrs S that it would be cancelled.

Mrs S thought this was unfair as she had been involved in the incident, but she said no damage had been caused and the claim was made after the renewal. BISL said it wasn't able to provide a quote with the updated claims information. But it paid Mrs S £50 compensation for providing incorrect information and for the time Mrs S was kept on the phone.

Our Investigator didn't recommend that the complaint should be upheld. He thought Mrs S hadn't disclosed any claims and BISL was entitled to cancel the policy if incorrect information was provided. He thought Mrs S was aware she had hit a curb and could have declared this before renewal. But the insurer wouldn't then have quoted for the renewal. And so the policy had correctly been cancelled. He thought BISL's compensation for the service failings was fair and reasonable.

Mrs S replied asking for an Ombudsman's review, so her complaint has come to me for a final decision. Mrs S questioned why she should have reported hitting a curb with no apparent damage caused. She questioned whether the insurer would then have refused cover for this reason.

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 can understand that Mrs S felt frustrated that her policy was cancelled for what she thought wasn't a good reason and she has had to take out more expensive cover elsewhere. Our approach in cases like this is to consider whether the broker's acted in line with the terms and conditions of the policy and fairly and reasonably.

Mrs S's policy was automatically renewed with no claims within the previous five years disclosed. But the insurer then notified BISL of another party's claim against Mrs S for an incident that occurred a month before the renewal. Mrs S was alleged to have hit the curb and damaged property. Mrs S was aware of the incident, but she wasn't aware there would be a claim as she said there was no apparent damage.

BISL said that when the open claim was added, no quotation was provided by its system. It said it couldn't continue the policy with incorrect information and couldn't add the claim to the existing policy. And so it had no option but to cancel the policy. I note that it told Mrs S that

she need not declare the cancellation to future insurers and it wasn't a refusal to provide insurance. I also note that BISL didn't charge a cancellation fee.

The insurer is responsible for dealing with the claim it received from the other party. So BISL isn't responsible for that and if Mrs S has concerns about this then she will need to take them up with the insurer directly. But BISL needed to update the policy when the insurer informed it of the claim. And I can't say that it acted incorrectly in doing this.

The incident occurred before the policy renewal. BISL had explained in Mrs S's renewal documents that she was required to provide accurate information:

"It is important that the information you provide throughout the duration of your policy is accurate.

Failure to disclose accurate and complete information to the best of your knowledge and belief may result in increased premiums, refusal of a claim or it not being fully paid out, your policy being cancelled or being made null and void and treated as if it never existed."

I can understand that Mrs S thought the incident was minor and that she didn't expect it to lead to a claim. And even though the claim was made only after the policy was renewed, I think BISL correctly updated it with the claim. The result was that with the claim added, and still open, no quotation was provided. BISL has provided us with evidence showing this. And I'm satisfied that BISL correctly cancelled the policy as set out on page 20 of the policy booklet:

"We may cancel your policy if there are serious grounds to do so such as non-payment, failure to supply requested validation documentation (proof of No Claims Discount, Security etc) you have provided us with incorrect information..."

BISL gave Mrs S seven days' notice of the cancellation, as required by the policy's terms and conditions. And so I'm satisfied that BISL acted fairly and reasonably and in keeping with the policy's terms and conditions when it cancelled the policy.

But BISL has accepted that there were service failings. BISL's agent told Mrs S, incorrectly, that her policy had been cancelled because of a lack of contact from her. But BISL agreed this had been an error and it offered Mrs S £50 compensation for this and for the long periods she was kept on hold on the phone. I think that's in keeping with our published guidance for the level of impact caused by the errors. And so I think that's fair and reasonable. I don't require BISL to do anything further.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 19 January 2026.

Phillip Berechree
Ombudsman