

## The complaint

Mr T complained that Liverpool Victoria Insurance Company Limited (“LV”) cancelled his motor insurance policy without his knowledge, which has resulted in court action being taken against him.

## What happened

Mr T said he called LV on 3 March 2024 and asked if his insurance was still active. He was told it was. On 25 April he was stopped by the police and was told he had no insurance. He said car has since been scrapped by the police. He also received six penalty points on his licence and was fined £1,014. Mr T thought it was LV’s fault that he was pulled over by the police and complained to the business.

In its final complaint response dated 27 June 2025 LV said Mr T’s monthly premium payment failed on 23 February 2024. It emailed to update him on 26 February and said it would try and collect the payment again on 1 March. On 3 March it acknowledged that Mr T had called to change his bank details and query the account balance. As the bank had not yet rejected its second attempt to collect payment it said there was nothing outstanding at that point. So, its agent didn’t discuss the missed payment.

On 4 March LV said the payment collection failed again. It sent a default notice by email to Mr T. On 11 March it sent a cancellation notice by email. On 19 March the policy was cancelled. An email was sent confirming this the same day. LV acknowledged Mr T was set a court date for 27 November having been pulled over by the police. But it said he didn’t let it know about this until 25 March 2025, which was eleven months after he was pulled over.

LV said if Mr T had contacted it at the time, it could have reinstated his policy, provided a letter of indemnity to prevent him receiving points on his licence, and paid the impound fee to release his car. LV explained that Mr T had a responsibility to mitigate his losses. Because he waited eleven months to make contact it said it wasn’t able to pay the fine he received or compensate for the points or the loss of his car. The business said it should have sent a text message, or a letter, in addition to its emails during the arrears process. Because it hadn’t it paid him a total of £200 compensation.

Mr T didn’t think LV had treated him fairly and he referred the matter to our service. Our investigator didn’t uphold his complaint. She thought that LV’s agent should have told Mr T on the phone that if its second collection attempt failed it would follow its cancellation process. But she said LV had acted in accordance with its policy terms when the policy was cancelled. However, she agreed that it could have sent a cancellation message by another method in addition to its email.

Mr T told our investigator that he was not the registered owner of the car in question. She discussed this with LV. It explained that Mr T had told it he was the owner. The business said it would not have offered cover at all had it been aware of this information. Our investigator agreed with LV that Mr T prevented mitigating action being taken by not contacting LV earlier. She didn’t think LV could be responsible for the loss of a car that was owned by a third party. But she felt that £200 compensation was a fair offer in these

circumstances.

Mr T didn't accept our investigator's findings. He maintained that he was given the impression over the phone that there was no issue with his policy. This was not accurate and led to the issues he's described. Because he didn't agree he asked for an ombudsman to consider his complaint.

It has been passed to me to decide.

### **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.

Having done so I'm not upholding Mr T's complaint. I'm sorry to disappoint him but I'll explain why I think my decision is fair.

The records confirm that Mr T's February 2024 payment wasn't collected. I've seen the email he was sent informing him of this and explaining another attempt to collect would be made on 1 March. The records show that a collection was attempted on this date. Mr T called on 3 March. I've read a "*call listening*" note LV provided. This said at the end of the call Mr T's representative queried a letter he'd received saying that there was money due. To which the call handler responded there was nothing outstanding.

I asked LV if it could provide a copy of this call recording so I could understand what was discussed in more detail. It provided the recording which I have now listened to. The call lasted just under 14 minutes. Mr T had a representative acting for him on the call. This wasn't initially made clear. Buy was explained a few minutes in. The purpose of the call was to change the bank account used to make payments to the policy. As well as changing Mr T's address. The call handler asked if Mr T had now moved to the new address, which he confirmed he had. She then updated LV's system, which resulted in an increased premium of around £500. Mr T's representative said that he didn't want to make this change after all.

During the call LV's agent queried why Mr T had said this was his new address. The representative said this was because he didn't understand English well. The agent explained that if an incorrect address was used this would invalidate the policy. She was asked to continue without the new address. Towards the end of the call Mr T raised a point about a letter he'd received and that he owed something. The representative asked if there was something owing. LV's agent said there was nothing outstanding. The call then ended.

Based on this evidence I agree with LV that its call handler should reasonably have highlighted the missed payment from February 2024. She could also have explained the cancellation process that would follow if the payment was not able to be collected.

That said at this point the insurance was still in force. It was Mr T's responsibility to make sure he paid his premium instalments and that he did so on time, as per his policy terms and conditions. When the second collection failed LV sent Mr T notice that he was in default of his credit agreement and confirmed what he must pay by 18 March 2024. A week later it sent him a cancellation notice confirming it would cancel the policy on 18 March unless payment was made. I've also seen the emailed letter LV sent to Mr T dated 19 March which confirmed his policy had now been cancelled and he was no longer insured.

LV has provided a system screenshot that shows the emailed letters were sent on the dates confirmed above. This information was sent to the same email address that Mr T provided to our service.

Based on this evidence Mr T didn't pay the February 2024 instalment as agreed. I understand he was changing bank accounts and that he continued making payments again from March. But Mr T's policy terms say LV can cancel his policy by giving seven days' notice if he hasn't paid his monthly premium instalment. Because of the significance cancelling insurance can have, we take the view that it's good practice for an insurer to provide confirmation of the cancellation by two methods. LV acknowledges that it should have sent a text message or a letter, as well as the email it sent. Had it done so this may have alerted Mr T that he had no insurance in place following the cancellation in March.

That said Mr T must act reasonably to mitigate any losses. LV has said the police will have contacted him about his car before it took any action to scrap it. I think this is a reasonable assumption. It said this means Mr T didn't take action to pay the recovery fee to retrieve the car. I can understand Mr T's view that LV is responsible for this situation. But he didn't tell it about the police incident for almost a year. This meant LV was unable to assist him. It could have provided a letter of indemnity, which will have informed the authorities that Mr T did have insurance cover at the time he was pulled over. This could have prevented any further action being taken.

The business has also said it could have paid the recovery fee had it been made aware of the situation with the car. From what I've read Mr T didn't act reasonably which prevented LV from taking action to help at an early stage. Because he didn't, I don't think the business can be held responsible for the fine he paid, the points on his licence, or for the loss of the car.

I also acknowledge that Mr T didn't own a car he was insured to drive. I've seen a letter provided by a third party that says they are the legal owner of the car. We shared this information with LV. It responded to say it would not have provided cover if it was aware of this. I asked it to provide underwriting evidence to demonstrate it would not have provided cover in these circumstances. The information it sent is considered commercially sensitive so I can't share it. But it does show that LV would not have offered cover to Mr T at all in these circumstances.

LV has maintained the offer set out in its complaint response to pay Mr T £200 compensation. I think this is reasonable in these circumstances. This is because it didn't communicate the cancellation notice by two different methods. Had it done so this will have increased the chances of Mr T being aware that his policy had cancelled. But I don't consider that the business needs to do more than this. I say this because it took Mr T around a year to let LV know about this issue. This prejudiced its position and its ability to mitigate what had happened. Additionally, the car didn't belong to Mr T so this is not a loss covered by his policy.

Having considered all of this I don't think LV treated Mr T fairly when it failed to provide notice of his policy cancellation by two different methods. But I'm satisfied it has done enough to put this right with the compensation payment it offered. So, I can't fairly ask it to do anymore.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 13 February 2026.

Mike Waldron  
**Ombudsman**