

The complaint

Mr C complains that Haven Insurance Company Limited cancelled his motor insurance policy.

What happened

In late 2024, Mr C took out a motor insurance policy with Haven. A few weeks after the policy started, Mr C received a message from Haven saying his policy had been cancelled. He says he queried this with Haven, but he wasn't given a reason for the cancellation. So, he raised a complaint.

Haven said Mr C's policy had been cancelled with immediate effect following an investigation into possible unauthorised brokers. It believed Mr C's policy was set up by an unlicensed person or business, which meant it had been set up fraudulently. It was satisfied Mr C's policy was cancelled correctly in accordance with the policy's terms and conditions.

Mr C remained unhappy and asked the Financial Ombudsman Service to consider the matter. He said he'd taken the policy out through an authorised broker. He'd had to take time off work and his premium with his new insurer was much higher because of the cancellation.

Haven said it would like to settle Mr C's complaint by removing any cancellation marker recorded by it from its internal and external databases. It said this would mean Mr C would not need to disclose the cancellation to any future insurers and it would give him the opportunity to receive more affordable quotations from other insurers, or Haven if he wished to do so.

Our investigator put Haven's offer to Mr C, but he decided not to accept this in resolution of his complaint.

I issued a provisional decision on 13 October 2025 where I explained why I intended to uphold Mr C's complaint. In that decision I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Based on what I've seen so far, I intend to uphold Mr C's complaint. I'll explain why.

In its response to Mr C's complaint, Haven referred to the following wording in the policy's terms and conditions:

"Cancelling your policy

Cancellation with immediate effect / voidance

At Our option, We or Your Broker may cancel Your policy with immediate effect or void Your policy from inception any time where: there is evidence of fraud or a valid reason for doing so, including but not limited to:...

3. Where We have evidence of fraud or dishonesty...

Where fraud is identified, We may retain all premiums paid.”

Haven says it believes Mr C purchased his policy through an unauthorised broker – often referred to as a ‘ghost broker’. It says it’s Haven’s business policy to not accept insurance policies purchased and administered through a broker who is not regulated by the FCA (Financial Conduct Authority) because ghost broking is illegal.

If an insurer has reason to suspect that a policy was taken out via an unauthorised broker, we’d expect it to carry out a thorough investigation to establish if the consumer knew or should have known they’d used a ghost broker.

Haven has provided some information which suggests the purchase of Mr C’s policy may have been linked to the purchase of a number of other policies. It says this led it to believe that another party was involved. However, it’s acknowledged that it didn’t ask Mr C any questions about this or clarify the relationship between the alleged third party and Mr C.

Mr C says he took out the policy online and it was then confirmed via a phone call with an FCA authorised broker, which I will refer to as ‘Broker A’.

The policy documents Mr C has provided match those that were supplied by Haven. The covering letter is from Broker A. The documents include confirmation that Mr C had set up a direct debit to pay for the policy in monthly instalments. Mr C has provided evidence to show he paid the initial deposit the same day he took out the policy. The payment was made directly to Broker A. Mr C has also provided evidence to show that he purchased the insured vehicle in early 2023.

I’m not persuaded that Haven has shown that Mr C purchased the policy through an unauthorised broker. All of the documentation supports him purchasing it through Broker A. It’s difficult to see how an unauthorised broker might have been involved, given that payment for the policy appears to be coming directly from Mr C.

Even if I was to accept that a ghost broker was somehow involved, I don’t think it was fair for Haven to have gone ahead and cancelled the policy without speaking to Mr C. Haven has acknowledged that it didn’t carry out a thorough investigation to establish if Mr C knew or should have known he might have used a ghost broker. In circumstances where a consumer doesn’t know or could not reasonably have known about the involvement of a ghost broker, we’d expect the insurer to give the consumer the option to cancel the policy first.

As Haven didn’t do this, Mr C had to disclose the cancellation when attempting to purchase another policy elsewhere. Mr C says he had to take out a new policy at a much higher price as a result of this.

I can see Mr C contacted Haven on 20 November 2024. He said he’d sold his truck the night before and then had a message saying the policy had been cancelled. He was picking up a new van the next day and no one could give him a reason for the cancellation.

Mr C says that he needed to take out a policy with another insurer for his van which had a significantly higher premium because he’d had to disclose the cancellation of the Haven policy.

I can see from the documents Mr C’s provided that the premium for his policy with his new insurer was £2,766.49 and the Insurance Premium Tax (IPT) was £331.98 which adds up to £3,098.47. We asked Haven to tell us how much Mr C’s premium would have been to cover his new van if it had changed the vehicle on the policy rather than cancelling it. Haven said Mr C’s premium would have gone up from £942.69 (including IPT) to £1,103.99 (including

IPT) for the new vehicle. So, I think it would be fair for Haven to pay Mr C the difference in the cost of the two premiums, which works out to be £1,994.48. It should also add interest at 8% simple per year from the date Mr C took out the new policy (23 November 2024) until the date the compensation is paid.

Mr C says Haven didn't refund him any of the premiums he'd paid prior to his policy being cancelled. I don't think this was fair. Haven should only have charged Mr C for the period he was on cover. So, Haven should refund any premium owing to Mr C and pay him compensatory interest at 8% simple per year from the date the policy was cancelled until the refund is paid to him.

Mr C says he had to take time off work due to not being able to gain insurance once his policy was cancelled and not being given a valid reason straight away. He says he wasn't able to take delivery of his new van because he wasn't able to gain insurance. I can see that Mr C is self-employed, and I understand that he needs a suitable vehicle (such as a truck or van) because of his trade.

The documents show that Mr C took out the policy with his new insurer a few days after he was informed the Haven policy was being cancelled. I think it's likely Mr C had some difficulty finding suitable cover because of the cancellation, which impacted the premiums he was quoted. But Mr C hasn't provided any confirmation of jobs he had to turn down over this period. So, there isn't sufficient evidence for me to consider a financial loss here. However, I have considered the worry and inconvenience Mr C experienced over those few days in my compensation award.

Mr C says the situation had a negative impact on his mental health. He was worried about being able to cover other living expenses while paying a higher motor insurance premium and has had to work extra hours to cover it. He says the cancellation meant he had to come off his wife's insurance which caused some inconvenience in having to sort out travel for his child. I'm persuaded that Haven's mistake caused Mr C considerable distress, upset and worry as well as some inconvenience. So, I think it would be fair for Haven to pay him £400 in recognition of this.

Haven should also remove any cancellation markers recorded by it from internal and external databases if it has not already done so."

I set out what I intended to direct Haven to do to put things right. And I gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

Responses

Mr C said he thought my provisional decision seemed right and fair. But he'd spoken to his current insurer, and it had told him it would be refunding him £1,148. He said he didn't have anything further to pay for the current policy year.

I told both parties, that in light of this new information, I intended to reduce the compensation for financial loss by the amount of the reimbursement from Mr C's current insurer. This would mean Haven would only need to pay Mr C £846.48 to compensate him for the higher insurance premium he'd had to pay his new insurer.

Mr C confirmed he was happy with the revised redress I'd proposed.

Haven didn't provide any further comments or information for me to consider.

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.

As neither party has disagreed with the conclusions I reached in my provisional decision or my proposed redress, I see no reason to change these.

Putting things right

Haven should:

- Pay Mr C £846.48 to compensate him for the higher insurance premium he had to pay his new insurer and
- Add interest to the above at 8% simple per year* from 23 November 2024 to the date the above amount is paid.
- Refund Mr C any premium owed to him from the date of cancellation and
- Add interest to the above at 8% simple per year* from the date of cancellation until the date the refund is paid.
- Pay Mr C £400 for distress and inconvenience.
- Remove any cancellation markers recorded by Haven from internal and external databases.

*If Haven considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr C how much it's taken off. It should also give Mr C a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons I've explained, I uphold Mr C's complaint and direct Haven Insurance Company Limited to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 25 November 2025.

Anne Muscroft
Ombudsman