

The complaint

Mr S complains that Advantage Insurance Company Limited unfairly cancelled his motorcycle insurance.

His policy was sold and is administered by a third-party insurance intermediary on Advantage's behalf and all his correspondence has been with this intermediary. However, Advantage is the policy underwriter so his complaint is against Advantage. Any reference to Advantage in my decision includes the intermediary.

What happened

Mr S had a motorcycle insurance policy, originally taken out in April 2023 for a 125cc bike. At that time he had a provisional motorcycle licence. In June 2023, he called Advantage to say he'd got a new bike with a larger engine. The policy renewed in April 2024.

About a month before the next renewal in April 2025, Advantage told Mr S its records showed he was insured on a provisional licence. It said he needed a full (category A) motorcycle licence to ride the bike he was insured on. It asked him to confirm what licence he held. When Mr S confirmed that he held a full licence, Advantage told him he had to pay a £20 admin fee to amend his policy.

Mr S refused to pay the fee. He said his policy was due to renew in a month and asked Advantage to amend his details then. In response, Advantage cancelled the policy and charged Mr S a cancellation fee. Mr S was forced to take out a new policy. He was unhappy with how Advantage handled the situation and complained to this service.

Our investigator didn't recommend that the complaint should be upheld. She found that Advantage's decision to charge Mr S the admin fee was in line with the policy terms and was fair. She thought its decision to cancel the policy when Mr S refused to pay this fee was reasonable.

Mr S didn't accept this, so the complaint was passed to me to make a final decision.

My provisional decision

I issued a provisional decision on this complaint on 15 October 2025 explaining why I intended to uphold the complaint. In summary:

- Mr S's April 2023 and April 2024 policy documents set out the policy fees. They include a £20 fee for making any changes to the policy and £45 for cancelling it.
- Advantage agrees that Mr S called in June 2023 to update his insurance. It recorded the new bike details but not his new licence details.
- It seems to me that the parties should have discussed Mr S's licence during that call. Advantage told us its agent would have asked Mr S: "*Are all other details on the policy the same?*" I wanted to hear if the agent did this so we asked Advantage for a recording of the call. Advantage told us it would provide this but failed to do so.

- Even if the agent had asked this, I don't understand why it took Advantage another 20 months to realise the policy covered a bike which Mr S's licence didn't allow him to ride. We asked Advantage why it took so long to spot this but it didn't answer this question.
- Mr S renewed the policy in April 2024. Page 14 of the renewal documents shows his licence type as 'UK Provisional Bike/Moped'. Advantage told us *"it is up to the customer to check the details are correct"*.
- I accept this general point. However, from Mr S's point of view nothing had changed since June 2023. The trigger for any change to his personal details was his new bike in June 2023, not the 2024 renewal, and he'd already told Advantage about this. I understand why he might have missed the licence mistake in a 26-page document.
- I also note that the licence type is only shown on the renewal documents, not the policy schedule itself. So if Mr S missed the error in the documents Advantage sent to him with his renewal quote, he wouldn't see it on his policy schedule.
- Advantage also missed this at the 2024 renewal. As I said above, it didn't explain how it could have missed this at renewal but noticed it 11 months later.
- Mr S told us: *"[Advantage] told me that in order to make the change I would need to pay £20 to amend the policy. So I asked them not to make the change and carry on as is as the policy was up for renewal 30 days later and I could make the change for free."*
- I don't think leaving the policy with incorrect details was a viable option. In a worst case scenario, Advantage might have refused a claim if Mr S had made one. (Whether or not that would have been a fair decision isn't relevant to this decision.)
- Having said that, I understand why Mr S was unhappy at being asked to pay a £20 admin fee a month before his policy renewed, particularly given Advantage had known about his bike's engine size for almost two years before it contacted him. In the circumstances, I think Advantage might reasonably have waived this fee.
- In recent correspondence with us, Advantage accepted this might have been a good option. But it said it gave Mr S this option during a call on 29 March. Advantage said it would supply the recording of this call but again failed to do so.
- I find this unlikely. If it had offered to waive the fee, I think Mr S would have agreed. Instead, it cancelled Mr S's policy. In the circumstances, I don't think this was reasonable.
- I'm conscious that Mr S might have been paying a lower premium than he should have done if 'licence type' was a relevant risk factor when Advantage calculated the premium. It's also possible he should have been paying a higher premium.
- Advantage couldn't tell us if the premium would have been higher or lower if it had recorded the correct licence type. On balance, I think it's most likely the underwriting criteria would have defaulted to the engine size (rather than licence) and the premium was calculated correctly.
- On 6 April – the day after it cancelled the policy – the insurance intermediary offered to refund the cancellation fee if Mr S took out new cover directly, rather than through a comparison website. I understand why Mr S found this confusing, especially as it had told him on 1 April that *"we can't offer you a price this year."*
- By this stage, Mr S had already taken out his new policy via a comparison website and wasn't able to get this refund.

I accept that the policy terms allow Advantage to charge an admin fee for any amendments to the policy. I also accept that Advantage can, in certain situations, cancel the policy at seven days' notice. However, I don't think it was fair for it to rely on these terms in this case. In the circumstances, I think Advantage should refund the cancellation fee.

I agree with Mr S that Advantage caused him inconvenience by forcing him to get alternative cover when it cancelled the policy at short notice. I think this was particularly frustrating given:

- i) Advantage said it couldn't insure him;
- ii) He was able to buy a new Advantage policy through the same intermediary when he went through the comparison site; and
- iii) One day later, the intermediary offered to refund the cancellation fee if he took out a new policy directly.

In my opinion, Advantage should make a small award to Mr S to reflect this inconvenience.

Responses to my provisional decision

Neither party replied 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.

I asked Advantage to answer two questions: first, how the policy cancellation is recorded on the CUE database. Second, how it calculated Mr S's outstanding balance when it cancelled his policy. It didn't reply.

This means I haven't seen how the cancellation is recorded on the Claims and Underwriting Exchange (CUE) database. If it shows that Advantage cancelled the policy, Advantage should remove this. Mr S can ask Advantage for evidence it's done this.

Mr S thought Advantage charged him the final monthly premium in full as well as the cancellation fee despite cancelling the policy 24 days before the end of the policy term. I explained in my provisional decision why I don't think he's right. I think the outstanding balance of £14.86 (set out in Advantage's 6 April 2025 letter) is the pro-rated premium from 30 April 2024 to 5 April 2025, plus the £45 cancellation fee, less Mr S's 12 monthly payments.

As I said, Advantage didn't reply when I asked it to show how it calculated the outstanding balance. However, Mr S didn't raise any objection to my provisional finding on this point. I'm pretty sure my assessment is correct so I'm satisfied Advantage doesn't need to refund any of Mr S's final premium.

Given neither party had any other comments they wanted me to consider, I uphold the complaint for the same reasons set out in my provisional decision.

My final decision

My final decision is that I uphold the complaint and order Advantage Insurance Company Limited to:

- Refund Mr S's £45 cancellation fee.

- If relevant, remove any record of the cancellation on all internal/external insurance databases.
- Pay Mr S £100 to reflect the inconvenience this matter caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 November 2025.

Simon Begley
Ombudsman