

The complaint

Mrs M has complained that INSURANCE FACTORY LIMITED trading as Lancaster Insurance Services (Lancaster) arranged the cancellation of the wrong car insurance policy.

Mr M and Mrs M have provided submissions on the complaint. I will refer to Mrs M in my decision but include representations made by Mr M on Mrs M's behalf.

What happened

Mrs M bought two car insurance policies which a broker Lancaster had arranged. I will refer to the cars as car 'B' and car 'F' for ease in my decision.

In April 2025 Mr M on Mrs M's behalf called Lancaster to arrange for the cancellation of a policy for car 'B' as it had been sold. During the initial automation process, Mr M provided the registration details for car B.

In the same call, Mr M was put through to an agent at Lancaster. The agent asked to speak with Mrs M as the policyholder to confirm the cancellation. The agent confirmed to Mrs M the policy to be cancelled was for car 'F' and read out the registration of car F. Mrs M agreed to the cancellation of cover for car 'F'.

Lancaster explained in the call to Mrs M that it would send confirmation of cancellation to her through an online portal. Mrs M agreed.

Lancaster arranged for the cancellation of the policy covering car 'F'.

Around two months later Mrs M says she discovered car 'F' wasn't insured when she received notice to either declare car 'F' off the road or arrange insurance for it. She contacted Lancaster and discovered the cancellation. She raised a complaint with Lancaster.

In April 2025 Lancaster upheld Mrs M's complaint in part. It said Mr M had provided the registration and policy details for car 'B' during the automation checks at the start of the call. However, Lancaster said the agent was clear with Mrs M when checking the type of car and registration details before proceeding to cancellation. As Mrs M agreed, and Lancaster sent confirmation of cancelling car 'F's policy, it said it had explicitly checked which car policy was to be cancelled.

Lancaster said although it had correctly cancelled the policy, it understood from its automated process how the situation may have caused confusion. For this, it refunded its arrangement fee under the policy for car 'F'.

Mrs M remained unhappy and asked us to look at her complaint.

One of our Investigators didn't recommend the complaint should be upheld for broadly the same reasons as Lancaster gave. He acknowledged that during the automation process, Mr M had provided details of car 'B' but he thought the agent was very clear as to the make, model and registration of the car it intended to cancel, which Mrs M agreed to.

Mrs M disagrees and wants an ombudsman to decide on her case. In summary she says they provided the correct registration details at the start of the call and that should have been the end of it. She didn't receive a cancellation confirmation letter. If she had, she would have corrected the information immediately. She is very upset that she was unknowingly driving uninsured for two months.

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 listened to the key call recording I find that Mr M gave the details for car 'B' at the start of the call during Lancaster's automation process questions. Once he was put through to an agent, he said they wanted to cancel the policy as the car had been sold a couple of weeks before. The agent explained that he would need to speak to the policyholder, Mrs M to confirm the cancellation as the policy was in her name.

The agent checked if there were any cancellation fees or a refund due. After checking, the agent asked to speak with Mrs M.

The agent said; *"Just need you to confirm as the policyholder that you're happy for me to cancel policy for the (make and model of car quoted here) reg number (quoted the full registration plate details here) from today's date?"*

Mrs M replied; *"Yes I am."*

The agent said; *"Once cancelled, will not be able to reinstate the policy. All cancellation documents will go straight to the customer portal."* Mrs M replied; *"OK fine, thank you."*

Lancaster has provided evidence to show the choice of communication for Mrs M's policy was via the online portal. This is where it recorded its letter dated 7 April 2025 confirming the cancellation of cover for car 'F'. I understand Mrs M says she didn't receive such confirmation. But I'm satisfied that it was made clear to her at the end of the call that the cancellation confirmation would be sent there.

Had the agent not been clear about the car details it intended to arrange cancellation for with Mrs M at the end of the call, I would find Lancaster had cancelled the wrong policy. I agree that Mr M provided details of car 'B' during the automation process at the start of the call. But as the agent checked with Mrs M before proceeding, and read out the make, model and registration of the car, this was an opportunity for Mrs M to correct the agent. And a further opportunity was available when Lancaster sent a cancellation confirmation letter on the same day to Mrs M via the portal.

I understand the policy for car 'B' was cancelled in April 2025.

I appreciate how strongly Mrs M feels about unknowingly driving uninsured for two months. She says the consequences of doing so could have been very serious.

We take into account what happened, rather than what might have happened. Fortunately in this case there were no consequences for driving uninsured. And I find that Lancaster was clear at the end of the call with Mrs M when checking the details of the car for the policy it intended to cancel. This was followed up on the same day in writing via the portal. So – taking everything into account - this means I'm not upholding the complaint.

My final decision

I'm sorry to disappoint Mrs M. But for the reasons I've 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 M and Mr M to accept or reject my decision before 5 March 2026.

Geraldine Newbold
Ombudsman