

## **The complaint**

Mr B complains that U K Insurance Limited trading as Darwin ("Darwin") cancelled his policy mid-term following a missed payment.

## **What happened**

Mr B had a motor insurance policy with Darwin covering his car. The policy began on 22 January 2025 and Mr B arranged to pay the premium by monthly payments to a third-party premium finance company I'll refer to as "C".

From his job, his pay frequency was four-weekly which caused him some issues with aligning that pay with the monthly premium payments.

In February he missed a payment. He called C and says he asked to pay four-weekly. He says he was told to cancel his direct debit to facilitate this.

On 17 March, Darwin emailed Mr B to tell him his account with C was in arrears and that if he didn't rectify the situation, it would cancel his policy in seven days.

Mr B says the email went into his spam folder. Darwin tried to send him an SMS, but Mr B hadn't registered a phone number against his records so the SMS wasn't successful.

Darwin cancelled his policy on 25 March. It sent him an email and again tried to send him an SMS which again was to a blank number.

He received this email and called Darwin around 1749 that day. It put his call through to C, and told him to pay off his arrears and reinstate his direct debit. Then when he called Darwin back it would look at restarting his policy.

Mr B did the tasks asked of him with the premium funder, but didn't call Darwin back.

His policy remained cancelled, which he found out about a week later when he received further communication from Darwin to discuss an outstanding balance.

Mr B complained. Darwin looked into his complaint and didn't uphold it.

As he remained unhappy, he brought his complaint to this service. He would like a refund of cancellation fees, an apology, additional compensation, and any record of unfair cancellation to be removed.

Our investigator looked into it and thought it wouldn't be upheld. She said Darwin had showed the cancellation warning email had been opened on 17, 18 and 25 March and as Mr B hadn't called Darwin back, it had done what it said it would do in cancelling his policy.

Mr B didn't agree with the view and asked that his complaint was reviewed by an ombudsman, so it's been passed to me to make a decision.

I issued a provisional decision intending to uphold Mr B's complaint, as I didn't think Darwin

had done enough before it cancelled the policy:.

*I asked for the calls between Mr B and Darwin. In one of them, Darwin says to him that he called on the day his policy was cancelled, and his call was put through to C to pay off his arrears and sort out his direct debit. He's told to call it back once this is done.*

*In the call I've listened to, Darwin says C was closed at the time. But I understand Mr B did pay off his arrears, and his direct debit was set up ready to take the next payment. C told him this when he discussed the problem with it, and it apparently told him everything was fine with the policy. I'd emphasise that this interaction (Mr B with C) isn't in the calls I've listened to, it's Mr B's recollection of them.*

*Mr B didn't then call Darwin back. And he continued to drive around for about a week uninsured as his policy had already been cancelled.*

*I think it's fair I say that Mr B should possibly have taken more care to call Darwin back and check with it what the situation was, but I can understand why he'd think everything was OK with his payments and policy given C had told him.*

*We see situations where a finance provider's response is to instruct the insurer to cancel the policy where a consumer misses a monthly payment or owes money for the policy. But this may be unfair as cancellation should generally be a last resort and only exercised once all other avenues have been explored.*

*This is because cancellation can often put consumers into a worse position, as they may have to pay cancellation fees or not get a pro-rata refund of their annual premium – leaving a balance still to pay. But they'd then need to arrange another insurance policy to replace the cancelled policy – sometimes with further administration fees.*

*As a result they're likely to end up in a worse financial situation than they were in before. Where the finance is provided by a third-party finance provider, we would expect the insurer to think about whether to refer the consumer to the finance provider in the first instance.*

*So, we'd generally expect consumers to be given a reasonable opportunity to clear any arrears before the policy is cancelled. And we need to think if the consumer has lost out by not being given this opportunity.*

*We may still think it's fair for an insurer to cancel an insurance policy if the consumer doesn't engage with the insurer. But it's clear to me from the contact between Mr B and Darwin that he was engaging with it, and C, as Darwin put his call through to C to sort out the arrears.*

*We would still expect the insurer to take reasonable steps to contact the consumer before proceeding to cancellation. And I don't think it's fair that Darwin used one method of contact for Mr B about such important matters. In one call, Darwin says it prefers to contact him by email and says it's important he keeps his email up to date. Mr B says, given the problems he has had with his email, he'd prefer to be communicated with by phone. Darwin tells his this isn't possible. I find this extraordinary. At the very least I'd expect it to have checked his number and taken it for its records.*

*I asked Darwin for proof Mr B had opened the 17 March dated notice of cancellation email. It provided a screenshot showing it had been opened 10 seconds after it arrived; then again the following day, and again a week later (which was the cancellation date – the 25 March). I'd also note that this doesn't show that Mr B opened the message, just that it was opened. Although the timing seems to indicate it was successfully delivered into his inbox.*

*Looking at the whole case, I think Mr B was engaging with C to sort his payment issues out. Darwin had already proceeded to cancel his policy with seven days' notice because of those issues – and it did this despite him calling on the day of cancellation to say he was sorting the issue out.*

*There's no urgency or importance stressed on him calling it back after he's made payment, but as I mention above I think he should possibly have taken more care to check.*

*It seems to me that it's likely Mr B did see the email that was sent to him about the pending cancellation, but it's this service's approach that two methods should be used to tell a customer about important matters like policy cancellation. Darwin didn't have Mr B's phone number, but it still tried to send SMS's to him. I don't think that's good enough, and the outcome for Mr B is that his policy has been cancelled despite his efforts.*

*In his approach to this service, Mr B made some comments that would suggest he was experiencing some financial difficulties around this time. I have thought about this, and listened carefully to his calls with Darwin. I can't see that he made it aware of problems, albeit there's a minor issue when he pays his deposit which he quickly rectifies. So although Mr B may have been struggling, I can't see he made Darwin aware of this.*

*Taking everything into account, I think the key issue here is that Darwin didn't do enough to check with Mr B that he was dealing with the arrears and direct debit issues before it cancelled the policy. I don't reasonably think it explored all other avenues before cancellation and it didn't use enough methods of communication to contact him about it.*

*As I've said above, this needs to be balanced against Mr B possibly seeing the emails, and not calling Darwin back after he'd brought his account with C up to date.*

*I think the fair outcome here is that Darwin removes records of its policy cancellation from its records and any external databases it's updated. It needs to write to Mr B and tell him it's done this and tell him he doesn't need to tell other insurers about this in future.*

*Because I think the cancellation was unfair, I think Darwin needs to refund any cancellation fees it's charged Mr B, plus interest at 8% simple from the day they were charged to him, to the date it makes this payment.*

*Mr B has been caused some distress and inconvenience by Darwin's actions. I've thought about this and considered this service's guidelines on compensation and I think the amount should be set at £150.*

## **Responses to my provisional decision**

Mr B said he accepted my provisional decision. Darwin disagreed. It said Mr B had opened the cancellation email, and it was Mr B's fault for not calling it back after his final call to it.

## **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've read Darwin's explanation that it thinks the cancellation of Mr B's policy was his fault, and I don't agree.

I've said above that this service would still expect the insurer to take reasonable steps to contact the consumer before proceeding to cancellation. I can't see that Darwin did this, even though Mr B had contacted it, admittedly on the day of cancellation, which I think should have resulted in Darwin taking much more care about his policy.

And I don't think it's fair that Darwin used one method of contact for Mr B about such important matters. This is particularly relevant in Mr B's case, as he'd called it and asked to be called back in future rather than emailed, but Darwin's reply was that it preferred to use email. I'd also note that its call handler didn't even record Mr B's phone number despite not having one on record.

So, because I don't think Darwin reasonably did enough to contact and check with Mr B before it cancelled his policy, I'm upholding this complaint.

### **My final decision**

It's my final decision that I uphold this complaint. I direct U K Insurance Limited trading as Darwin to:

- Remove or amend records of it cancelling Mr B's policy from its internal and any external databases it's updated. It also needs to write to Mr B and tell him he doesn't need to tell other insurers about this in the future.
- Refund any cancellation fees it charged Mr B, adding interest at 8% simple from the date they were applied to the date it makes payment.
- Pay Mr B £150 compensation for the distress and inconvenience its unfair cancellation caused him.

Darwin must pay the compensation within 28 days of the date on which we tell it Mr B accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 December 2025.

Richard Sowden  
**Ombudsman**