

## **The complaint**

Mr P has complained about Advantage Insurance Company Limited. He isn't happy about the way it dealt with the cancellation of his motor insurance policy.

Any reference to Advantage includes any agents that it is responsible for unless specified.

## **What happened**

I looked at this case and provided my initial thoughts in my provisional decision as follows;

*Mr P took out a motor insurance policy and looked to cancel the policy when he got a cheaper policy elsewhere. But when he cancelled the policy, he wasn't happy that he was being charged a cancellation fee. And the matter was complicated by the fact that Mr P stopped his direct debit so there was a further problem with payment and settling the outstanding amount.*

*When Mr P complained to Advantage about this it maintained its position, explained that it hadn't done anything wrong and that the outstanding direct debit and the cancellation fee was due. And as payment wasn't made it referred the outstanding amount to a debt collection agency. But Mr P remained unhappy about this and the fact that the outstanding amount was passed to a debt collection agency while he was still advancing a complaint with Advantage, so he asked this Service to consider things for him.*

*Our Investigator looked into things for Mr P, but he didn't uphold his complaint. He explained that Advantage hadn't done anything wrong here as the cancellation fee and the direct debit payment was due. And he didn't think Advantage acted unreasonably in passing on the debt as it clearly outlined that the amount was due and that it would take the steps taken if he didn't make payment.*

*As Mr P didn't agree the matter has been passed to me for review.*

## **What I've provisionally 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 have a fair degree of sympathy for Mr P but as our Investigator explained once he chose to cancel the policy the cancellation fee was always due. The fee was clearly outlined to Mr P when he took the policy out and as he chose to cancel the policy the fee was due. And insurers incur costs administering policies and undertaking cancellations and I don't feel £45 is an unreasonable cost and is in line with the kind of cost insurers ordinarily charge.*

*Although I can understand why Mr P cancelled his direct debit but that only complicated things. I say this as this meant he didn't pay his time on cover as well as the cancellation fee, so Mr P owed more. And Advantage looked to recover its costs and explained that it would pass the debt onto a collection agency if it wasn't paid.*

*However, I agree with Mr P that while he was complaining about this matter and looking for an explanation about what happened, which included an error in relation to a refund, I think Advantage should not have referred the small outstanding amount to a debt collection agency. I know Advantage feel this was justified as the amount was owed by Mr P and it had sent a response to his initial complaint. But Mr P's second complaint, which predominantly surrounded the problems he faced here and his request for a greater explanation and understanding, hadn't been answered when it sent the debt over. And I don't think Advantage's actions here were fair in the circumstances given Mr P's second complaint hadn't been answered and he still required explanation.*

*Given this, I think Mr P should be compensated for the stress and inconvenience caused when Advantage wrote to him explaining that the outstanding amount had been passed to a debt recovery agency. I haven't seen any evidence to suggest any greater impact on Mr P of the referral to the credit agency, but I think he should be compensated £150 here. I say this as I'm sure it was very worrying for Mr P to be told the debt was being passed to a recovery agent when his complaint hadn't been fully addressed, and he was still seeking explanation about what happened and what he was due to pay.*

## **Replies**

Mr P replied to the provisional decision while Advantage didn't respond.

Mr P said he accepted the position outlined but asked if the debt that had been referred to the debt collection agency would be called back to limit any impact on his credit file.

## **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 remain of the view that the complaint should be partly upheld. I don't propose to go over the position outlined again as it has been accepted by Mr P and Advantage haven't commented.

However, I agree with Mr P that Advantage should recall the debt and do all it can to limit any impact it is having on him, and it can agree a reasonable recovery plan with him for the small outstanding amount owed. And it should compensate Mr P £150 for the stress and inconvenience caused here as outlined above.

## **My final decision**

It follows, for the reasons given above, that I uphold this complaint.

I require Advantage Insurance Company Limited to pay Mr P £150 compensation. And recall the outstanding debt and agree a recovery plan with Mr P.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 11 December 2025.

Colin Keegan  
**Ombudsman**