

The complaint

Mr O complains about the premiums he was charged at renewal of his motor insurance policy with Advantage Insurance Company Limited ('Advantage'). He's also complained about various administration issues and the cancellation of the policy.

What happened

The background to this complaint is well known to Mr O and Advantage. I won't repeat in detail what's already known to both parties, instead, in my decision I'll focus mainly on giving the reasons for reaching the outcome that I have.

Mr O took out a motor insurance policy with Advantage in 2022. It renewed in 2023 and he was sent a renewal invite dated 23 May 2024 for the 2024/2025 policy year. The policy renewed on 20 June 2024. Mr O made a claim on the policy in August 2024, following the theft of his car. The claim was settled as a total loss and Advantage let him, know he had 30 days to change his car (transfer the policy) or the policy would be cancelled. As Mr O had missed several monthly repayments and hadn't settled the outstanding arrears, he was given notice that the policy would be cancelled on 29 September 2024.

Mr O made a complaint and Advantage partially upheld it. They offered Mr O £50 for not placing a hold on his policy premiums during the 2023/2024 policy year. This was prior to the renewal of the policy he claimed under (2024/2025).

As Mr O remained unhappy, he referred the complaint to our Service for an independent review. Our Investigator considered the complaint and recently recommended that it not be upheld. As Mr O didn't accept the recommendations and the dispute remained unresolved, it was referred to me for a decision.

I recently sent both parties a copy of my provisional, intended findings. As the deadline for responses has now passed, I've considered the complaint for a final 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.

Our Service is an alternative, informal dispute resolution service. Although I may not address every point raised as part of this complaint - I have considered them. This isn't intended as a discourtesy to either party – it simply reflects the informal nature of our Service. I've also

kept in mind the Consumer Duty and Advantage's obligation to treat customers fairly when reaching my decision.

Neither Mr O or Advantage provided a response to my provisional decision. But the credit provider gave a further explanation regarding the cancellation and debt outstanding. This further information doesn't change the outcome I'd intended to reach, but I've updated my findings to reflect the further information.

The scope of my decision

Before our Service can consider a complaint, the respondent business must first be given the opportunity to respond to that complaint. The final response letter dated 4 March 2025 responded to the following points - the renewal price offered, payment handling issues and the policy cancellation. This decision will only address these issues in Advantage's capacity as the insurer. We've recently explained to both Mr O and Advantage that as there were other entities involved in this insurance contract (an administrator and a credit provider), most of the complaint points relating to the policy cancellation will be considered under a different complaint reference shortly.

This is outlined in the insurance contract terms:

"A policyholder of a single car policy enters into two separate contracts when taking out a policy through us.

(i) The first contract is between the policyholder and the insurer:...

(ii) The second contract is between the policyholder and [third party entity redacted by Ombudsman] ("we/us/our"):

• We are an insurance broker and we arrange and administer the policyholder's single car policy on behalf of the insurer..."

Part of this complaint relates to the cancellation of a motor insurance policy following non-payment of monthly payments to the credit provider. I will only be considering the actions of Advantage here in their capacity as the underwriter of this insurance policy and I won't be considering the actions of any other business that provided a credit.

At the heart of Mr O's complaint is the cost of the policy at renewal. But I need to be clear that our Service are not the insurance industry regulator. That is the role of the Financial Conduct Authority. I will be considering if Advantage have treated Mr O fairly and comparably to how any other customer in a similar position would've been treated.

Our Service can't tell an insurer what risks they should underwrite, how they evaluate those risks, for whom they should offer insurance or how much they can charge a particular customer. Instead, our Service looks at whether we think an insurer have broadly acted fairly and reasonably in the way they've set the customer's premium, and whether they've communicated the price to them in a way that is clear, fair and not misleading.

More details on the approach I'll be following can be found here: <https://www.financial-ombudsman.org.uk/consumers/complaints-can-help/insurance/insurance-pricing-and-renewals>

The policy renewal

I can understand Mr O's upset at the price offered for renewal in May 2024. In 2023/2024 he paid £2,071.35 and this increased to £3,529.33 at renewal.

Advantage have shown us the relevant commercially sensitive underwriting information that sat behind the price generated for the renewal quote. They've also provided a detailed explanation of the methodology used. In summary (and without disclosing commercially sensitive information), the renewal quote offered was based on a wide range of factors, including Mr O's claims history and any changes to Mr O's personal circumstances.

Mr O has not disputed receiving the renewal quote in May 2024 and this allowed him several weeks in which he could 'shop around' to find a better price with another insurer. He didn't challenge it prior to the policy renewing, but did after the fourteen-day cooling off period.

Even in a scenario where Mr O wanted to cancel the policy after the cooling off period, he still had the option of cancelling the policy and paying any associated cancellation fees. Mr O has referred to calling Advantage after the policy renewal in 2024, but no evidence has been provided to support this. Advantage have said that there was a call in May 2024, but nothing else from Mr O until his accident in August 2024.

Overall, I'm satisfied that Mr O has been treated fairly by Advantage and in line with any other customer in similar circumstances when calculating the renewal quote. As above, our Service can't tell an insurer what premiums to charge or how they view risk.

I don't uphold this complaint point.

The policy cancellation

As outlined above, the decision to cancel the policy was made at the instruction of the credit provider. Their actions in the lead up to this aren't being considered in this decision.

Following Mr O's total loss claim in August 2024, Advantage initially gave him 30 days to find a replacement car. However, because of existing repayment issues prior to the claim and the demand for the outstanding balance (which I'm not considering in this decision), the policy was ultimately cancelled. In Advantage's capacity as the underwriter of this insurance policy, I don't find that they've acted unfairly regarding the policy cancellation.

As the total loss claim was recorded as a 'fault claim' (the car wasn't recovered and there was no third party to recover the claim costs from) and due to the cost of time on cover, reasonable administration costs which Advantage can fairly charge - in the very specific circumstances of this complaint I don't seek to interfere with the decision to not offer a premium refund. It seems Mr O failed to engage with Advantage around the outstanding balance owed and ultimately the debt was passed to collections. In their capacity as the policy insurer, I find Advantage's actions to be fair.

Advantage have recently told us:

"When reviewing this matter further given Advantage would have received the full policy premium upfront from [finance provider], I am happy for us to amend the stance of this to not reflect a business led cancellation in line with the FCA's consumer duty and principles of treating customers fairly."

I consider this fair and reasonable, as the insurance policy was cancelled at the instruction of the finance provider, to whom Mr O had failed to make his repayments. I direct Advantage to amend any internal and external record of the cancellation if it has been recorded as insurer led.

Putting things right

Advantage Insurance Company Limited need to amend how this cancellation was recorded on all relevant internal and external records/databases to reflect that this was not an insurer led cancellation.

My final decision

My final decision is that I partially uphold this complaint. Subject to Mr O accepting the decision prior to the deadline set below, I direct Advantage Insurance Company Limited to follow my direction as set out under the heading '*Putting things right*'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 17 December 2025.

Daniel O'Shea
Ombudsman