

The complaint

Mr H and Mr H complained that Advantage Insurance Company Limited cancelled Mr H's motor insurance policy.

What happened

Mr H and Mr H are father and son. Mr H, the son, was the policyholder. Mr H, the father, was a named driver on the policy. For clarity I'll refer to the son as Mr H and to his father as Mr H senior. Mr H senior has brought the complaint on Mr H's behalf.

In summer 2024 Mr H took out a telematics policy with Advantage, which monitored his driving. Later that year Advantage cancelled his policy because they hadn't received enough driving data and so they decided his policy wasn't suitable for him. Mr H senior said he'd told them that the car wasn't being driven. This was because Mr H had gone away to university and had left the car at home parked in their garage. So he complained to Advantage that they shouldn't have cancelled the policy.

Mr H had wanted Advantage to retract the cancellation so he wouldn't have to declare it to other insurers and have it affect his future insurance. He also wanted them to award him one year no claim bonus(NCB) which he would have earned had the policy not been cancelled. Failing this he wanted Advantage to compensate him about £12,000 which was his estimate of how much extra the having to declare he'd had a policy cancelled would cost him in future insurance premiums. He also wanted compensation for the stress he said he'd felt in dealing with the situation, and for someone to take action against Advantage to prevent them doing this to other customers.

Advantage at first believed they'd acted correctly under the policy because they weren't receiving driving data. However, they admitted that due to a system error they hadn't acted earlier to send emails to chase up Mr H and Mr H about the lack of data. They offered Mr H and Mr H £120 for not following their correct process. However after Mr H senior complained to this Service and we became involved, Advantage admitted they'd made an error in cancelling the policy and offered redress for this, which I detail below. Mr H and Mr H didn't think this was enough.

The investigator didn't recommend that the complaint should be upheld. He thought Advantage had made a fair offer to settle the complaint. Mr H and Mr H didn't agree so I was asked to decide.

I issued my provisional decision on 10 November 2025. Both parties responded and I deal with those below.

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.

In my provisional decision I said as follows:

"In bringing this complaint Mr H has made a number of detailed points. I've considered everything said carefully, but I will focus on what I see as being the key outstanding points following our investigator's assessment of their complaint and Advantage's offer to settle it.

I've looked at Mr H and Mr H's policy. It sets out the terms and conditions and said that Advantage had a right to cancel the policy if "*You share an insufficient amount of driving data with us during your policy, we do not receive any driving data for more than 28 days, or a significant proportion of your driving data is captured without you using the app.*"

I think that policy wording isn't unclear or misleading about what Advantage requires in terms of driving data. And this type of policy is a telematics one, which requires driving data, so it's not unreasonable for an insurer to decide a policy isn't suitable for a driver who doesn't provide that. So I don't think Advantage's policy term is unreasonable and it's clear that Advantage did have a right to cancel the policy in such situations. However they also have to act fairly and reasonably in following their policy terms.

When Advantage first queried the lack of driving data they were receiving, they said if Mr H was not driving much that was no problem, and he should just let them know so they wouldn't have to contact him about it again. Mr H senior promptly explained to them why this was. When Advantage asked again, he explained again. But despite this, Advantage cancelled the policy, when it had only a few months left to run, having decided that the policy wasn't suitable for them.

Mr H senior was unhappy that Advantage didn't help him to resolve the situation amicably. He'd asked them to retract the cancellation and issue the one year's NCB, but Advantage wouldn't agree. He said he knew that Advantage had cancelled other people's policies for no reason too. But as the investigator has explained, we can't look at what a business may have done in other cases, where the facts and circumstances are likely to be different. And it's not our role to supervise, regulate or impose fines on the businesses we cover or to ask them to change their policy or procedures, as that's the role of the regulator, the Financial Conduct Authority (FCA). Instead we look at individual complaints and decide whether a business has acted fairly and reasonably.

After Mr H brought his complaint to us, Advantage admitted that they'd made an error in cancelling the policy when they did. This was because they could have asked for and been granted by their telematics department an exclusion for providing data for the remaining term of the policy, but they didn't ask. If they had, they could have avoided cancelling the policy.

And so Advantage offered to allow Mr H a full year's NCB, and increase their compensation from £120 by a further £80 to a total of £200, give Mr H a letter confirming an error was made in cancelling his policy, and to consider reimbursing any difference in premiums on Mr H's new policy, if they got written confirmation from his insurer that they were unable to amend the premiums and the policy is of a similar level of cover.

Mr H senior was frustrated that Advantage hadn't offered this earlier. Mr H had since had to take out a new policy elsewhere. He didn't think Advantage's offer was enough to reflect the considerable stress he'd experienced and the hours he had spent chasing Advantage to try to resolve the situation. He also thought that Advantage's haste to cancel the policy could have caused more difficulty for them if the car was being driven and if they hadn't checked their emails and seen the cancellation. This was because they would have risked driving without insurance. I can understand Mr H and Mr H's worry about this, given the potentially very serious consequences of driving without insurance. It's fortunate that didn't happen. Nevertheless, it didn't, and I can't require Advantage to compensate for that as if it did.

As Advantage have admitted their error, I'm going to look at the impact of that on Mr H and Mr H, and whether Advantage should do any more in terms of redress. The investigator thought that Advantage's offer was fair and reasonable and appropriately addressed the stress and inconvenience caused by the cancellation as well as the financial impact and it put Mr H back in the position he would have been had the cancellation not happened.

However I think that Advantage didn't act reasonably in cancelling the policy when they did, and they could have acted earlier to resolve their error. Advantage only admitted their error after Mr H and Mr H came to this Service, and that put them to more effort to resolve it than necessary and caused them more stress. So I don't think that was reasonable of Advantage.

Mr H said he had lost one year's NCB due to the cancellation. I agree that Advantage should provide him with that. He also said that he'd have to declare to future insurers that he'd had a policy cancelled, which could result in an increased premium, or no offer of insurance. Advantage said that though they'd keep a record of this cancellation, they wouldn't share that information on any external database and so Mr H would not necessarily have to disclose the cancellation with insurers in the future as it would depend on the requirements of each insurer. To assist him, Advantage should therefore as offered give Mr H and Mr H a letter saying that the policy was cancelled in error.

Mr H had to take out a new policy because Advantage cancelled his. We'd expect him to give the cancellation in error letter to his new insurer for them to recalculate his premium as if Advantage's policy hadn't been cancelled. If the new insurer is unwilling to do that, I think that Advantage should reimburse (rather than simply consider reimbursing) any difference in premiums on receipt of written confirmation from the new insurer that they could not amend the premiums.

Mr H senior has spent a good deal of time trying to get the situation resolved and I accept it would have caused both of them stress and worry about what the cancellation would mean. I don't think that £200 in compensation fully reflects that, and I think that Advantage should pay them a total £400. This is less the £120 they've already paid in compensation."

Advantage accepted the provisional decision but did want Mr H and Mr H to ask the new insurer to recalculate their premium. However Mr H has explained that they aren't going to do that and are willing to simply accept the one year NCB, the cancellation in error letter and the additional compensation from the provisional decision. And so I make the final decision on that basis.

My final decision

For the reasons I have given above, it's my final decision to uphold the complaint and I require Advantage Insurance Company Limited to do the following:

- Pay Mr H and Mr H £400 in compensation for their distress and inconvenience, less any amount they have already paid them for that.
- Give Mr H a one year NCB as offered
- Give Mr H and Mr H a letter explaining that Advantage cancelled the policy in error, which they can show Mr H's current and future insurers.

Advantage must pay the compensation within 28 days of the date on which we tell them Mr H and Mr H accept my final decision. If they pay later than this, they must also pay interest

on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mr H to accept or reject my decision before 19 January 2026.

A handwritten signature in blue ink, appearing to read "R. Scott".

Rosslyn Scott
Ombudsman