

The complaint

Mr B complains that AXA Insurance UK Plc (AXA) unfairly retained his motor insurance policy premium following his request to cancel the policy.

What happened

The circumstances of this case are known to both parties, but in summary Mr B has a motor insurance policy underwritten by AXA. In August 2025, Mr B was involved in a road traffic accident and so made a claim under his policy. Following the claim, Mr B made the decision to stop driving and asked AXA to cancel the policy and arrange for the remaining proportion of the premium to be refunded to him. AXA agreed to cancel the policy but explained no refund would be due as Mr B had claimed under the policy. So Mr B complained to AXA.

AXA didn't uphold the complaint as it was satisfied that it had handled the cancellation in line with the terms and conditions of the policy. As Mr B remained unhappy, he referred his complaint to this Service.

Our Investigator didn't uphold the complaint. They concluded that AXA had acted fairly and handled the cancellation as they would've expected it to. Mr B disagreed and asked an Ombudsman to make a final decision. In summary, he said that the terms and conditions only benefited the insurer, and that he had absolved the insurer of any future claims and so it had received the premium for 12 months of cover but only provided six months.

So, the case has been passed to me to decide.

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.

While I appreciate Mr B will be disappointed with my decision, I don't uphold this complaint. I'll explain why.

I know I've summarised the circumstances of this case in less detail than presented. But I want to assure both parties that I've carefully considered all the information provided. I may not respond to every point or piece of evidence. But I've focused on the issues I consider to be key to the outcome of the case. This isn't meant as a discourtesy but reflects the informal nature of this Service – and the rules this Service are expected to adhere to enable me to do this.

The starting point with any insurance policy is the terms and conditions which set out the agreement between the insurer and its policyholder. Under Mr B's policy, the terms state that no refund would be due to a policyholder if they have made a claim or are in the process of making a claim. This isn't an unusual or uncommon term and is typically found in most motor policies on the market.

As Mr B was involved in a road traffic accident in August 2025 and this led to a claim under the policy, Mr B isn't entitled to a refund of his premiums under his insurance contract. So, I don't find it unreasonable for AXA to retain Mr B's premium based on the agreement it has with him.

I do have the power to ask an insurer to depart from its terms if I consider it fair and reasonable to do so. For example, if Mr B was involved in an accident he wasn't liable for, then it may be appropriate for me to direct AXA to make a proportionate refund for the time remaining on cover as AXA would be able to recover its outlay from another party. But as AXA has confirmed that it is likely Mr B would be deemed the responsible party for the accident – and AXA would be responsible for covering the cost of both Mr B's insured losses, as well as the third party's costs – I don't think it would be fair for me to direct AXA to do this.

AXA has provided this Service with details of its outlay following Mr B's claim. I can see the costs AXA is responsible for are greater than the premium Mr B paid for his policy. As AXA is unable to recover its outlay from any other party, it wouldn't be fair or reasonable for me to direct AXA to refund any proportion of the premium as ultimately AXA has met its obligations under the policy.

I recognise Mr B made the decision to stop driving, and so I can understand why he felt a refund would be due, as in his view he has mitigated the risk of any future claims for the remainder of the policy. I also understand why Mr B feels the insurer has received a full year's premium despite him only needing cover for six months. But insurance premiums aren't calculated 'per month used'. They reflect the whole year's risk, including the possibility of a claim at any point in the policy year. As a claim has been made, AXA has fulfilled its obligations under the policy and so it is reasonable for it to retain the entire premium.

So, while I appreciate the reasons Mr B feels he should be due a refund, I don't find that AXA has acted unfairly in its decision to retain the full premium paid. I therefore won't be directing AXA to do anything more here.

My final decision

For the reasons I have set out above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 25 February 2026.

Oliver Collins
Ombudsman