

## **The complaint**

Mr A complains about Extracover Limited (EL) cancelling his policy and then taking money from his bank account as a result.

## **What happened**

Mr A took out a van insurance policy through EL which started on 7 March 2025. It was a telematics policy which required Mr A to download an app. Mr A attempted to download the app shortly after taking out the policy but had issues. He called EL but they were unable to help but said someone would call back.

Mr A didn't hear from EL until 24 March 2025 when he was sent some instructions on how to download the app. However, the following day he received a further email advising his policy would be cancelled at the end of the day due to not downloading the app. Mr A had £94.29 taken from his bank account as a cancellation fee and was charged 18% of the total premium due to being on risk for up to one month. Mr A was unhappy and complained. EL didn't uphold Mr A's complaint. They accepted they hadn't called Mr A back, but as Mr A had said he didn't like the idea of being monitored, he would have cancelled the policy anyway. As Mr A remained unhappy, he brought the complaint to this service.

Our investigator didn't uphold the complaint. He didn't think EL had done anything wrong. Mr A appealed. As no agreement could be reached, the complaint has been passed to me to make a final decision.

Because I disagreed with our investigator's view, I issued a provisional decision in this case. This allowed both EL and Mr A a chance to provide further information or evidence and/or to comment on my thinking before I made my final decision.

## **What I provisionally decided – and why**

I previously issued a provisional decision on this complaint as my findings were different from that of our investigator. In my provisional decision, I said:

*“I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*Based on what I've seen so far, I intend to uphold Mr A's complaint.*

*It's not in dispute that Mr A had an issue trying to download the app and contacted EL for support. It's also not in dispute that EL didn't call Mr A back. Looking at the policy terms and conditions, it sets out the following about what Mr A needed to do after taking out the policy:*

### ***“What do you need to do***

*If you take out a Sense policy, as noted on your schedule 'Sense app required Yes', for us to provide you with cover you must:*

- *Install Zego's Sense app; and*

- Sign in; and
- Grant all motion, location and background permissions required to enable the app to operate and collect data in the background.

*This must be done before or on the policy start date.*

*If you fail to do this we will provide you with warnings and a reasonable period to install Zego's Sense app, sign in and grant all motion, location and background permissions required.*

*If you ignore the warnings we will cancel you policy in accordance with the 'Cancellation' section."*

*It doesn't appear that EL followed their terms and conditions in this instance. Mr A only appears to have been sent one warning and his policy was then cancelled the following day. So, I don't think EL has acted fairly and reasonably. EL's warning was also on day 17 of the policy being live. It's unclear why the first warning was sent on this date and not earlier during the "cooling off" period. It's also not fair to give a customer only one day before cancelling the policy.*

*Mr A called EL and informed them about his issues and was told he would receive a call back. EL has accepted this call hadn't taken place but believe the issue was at Mr A's end. Had the call taken place within a reasonable amount of time, if the issue was at Mr A's end, I think it's likely he would have cancelled the policy within the 14 day "cooling off period". This means he would only have been charged for the number of days he had been on cover for. I think it would have been reasonable for Mr A to have been called back within two working days.*

*Based on the above, I'm intending to tell EL to amend their record of cancellation from an insurer cancellation to a customer cancellation on their internal records. I'm also intending to tell EL to refund the cancellation fee as well as the difference in premium Mr A would have paid had the policy been cancelled by him on 10 March 2025 and what he's been charged by his insurer.*

*I also think not receiving a call back and cancelling Mr A's policy with short notice has caused him distress and inconvenience. It would have been a shock to find out the policy was going to be cancelled and it would have taken time and effort to arrange a new policy at short notice. I think Mr A has been caused an unreasonable amount of distress and inconvenience which has required a reasonable amount of effort to sort out and has impacted Mr A over several days. In line with our website guidelines, I intend to tell EL to pay Mr A £100 compensation in the circumstances."*

I set out what I intended to direct EL to do to put things right. And gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

### **Responses to my provisional decision**

Mr A didn't respond to the provisional decision by the deadline.

EL accepted my provisional 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.

I've thought carefully about the provisional decision I reached. Having done so, and as neither party has provided anything which could lead me to depart from my provisional decision, my final decision remains the same as my provisional decision, and for the same reasons.

### **Putting things right**

To put things right, EL should do the following:

- Refund Mr A the cancellation fee charged.
- Refund Mr A the difference in premiums he would have paid had the policy been cancelled on 10 March 2025 and how much he's actually paid.
- Pay Mr A 8% simple interest on the two payments above. From the date Mr A has made payment to the date it's refunded by EL.
- Change any cancellation records from an insurer cancellation to a consumer cancellation.
- Pay Mr A £100 compensation.

\* If EL considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr A how much it has taken off. It should also give Mr A a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons I've explained above, I uphold this complaint and direct Extracover Limited to put things right by doing as I've said above, if they haven't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 7 January 2026.

Anthony Mullins  
**Ombudsman**