

The complaint

Mr G complains that Fortegra Europe Insurance Company Ltd state a balance is due after he cancelled his motor warranty.

Reference to Fortegra includes its agents

What happened

Mr G held a motor warranty with Fortegra. But when he sold the vehicle, he cancelled the policy. He complains that Fortegra are saying the remainder of the premium is due. He doesn't think this is fair.

Fortegra said because Mr G cancelled the policy after 30 days, and during that time he'd had a successful claim, no refund was due to him.

Mr G didn't agree and complained, but Fortegra didn't change its stance. So, Mr G brought his complaint to the Financial Ombudsman Service.

One of our investigators recommended it be upheld. She thought the policy is clear in saying that a pro-rata refund would be due if no claim had been made. But she thought that because of the cost of the successful claim here was less than the outstanding premium, the fair and reasonable outcome would be for Fortegra to reduce the outstanding balance to an amount which covers the claim and the cancellation fee only.

Neither Mr G nor Fortegra agreed to that assessment, so the case has come to me for an Ombudsman's 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.

Having done so, I'm upholding it for the same reasons our Investigator gave. I'll explain why.

I'll not be addressing every argument raised or bit of evidence submitted. Instead, in line with this service's informal role, I'll comment on what I consider key to the dispute.

This is a 12-month policy, and in essence, the full premium is due once the policy starts. Some insurers however allow that premium to be paid over a number of monthly instalments, such is the case here. But importantly, it isn't a policy that runs month on month, the risk is calculated over the entire year, the direct debit is just an agreement to spread payment for it.

The policy is clear in saying what will happen if Mr G cancels the policy and there's been no successful claim made against it. But it doesn't directly say what will happen if a successful claim is made.

But what our Investigator set out is reasonable. And that is that Mr G owes the claim

amount, plus the cancellation fee. It's not reasonable to waive the outstanding balance completely because Fortegra has paid out on a claim. The claim cost here though was less than the premium. The difference between the claim cost, and the outstanding balance is essentially unused premium, so Fortegra shouldn't chase it.

Mr G's policy cost £856.50 (10 monthly payments of £85.65). At the point the policy was cancelled he'd paid two of those (£171.30), leaving an outstanding balance of £685.20.

We've seen evidence showing that the claim cost £409.19 and the cancellation fee is £35.

That means essentially Mr G needed to pay £444.19 but had only paid Fortegra £171.30. This means Fortegra is still due £272.89. So, it is this amount which I'm satisfied is fair.

I've considered whether it would be fair to allow Fortegra to keep an amount to account for the work of handling the claim, as opposed to just the costs it paid out to fix the damage. I think in normal circumstances that would be allowed and reasonable. But here, I think any charge I'd consider to be fair, is reasonably offset against any compensation I may award for the distress and inconvenience

My final decision

For the reasons set out above, my final decision is that I uphold this complaint. To put things right Fortegra Europe Insurance Company Ltd should reduce the outstanding balance to £272.19.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 10 April 2026.

Joe Thornley
Ombudsman