

The complaint

Mr D complained that Advantage Insurance Company Limited (“Advantage”) cancelled his motor insurance policy and unfairly referred a debt to a collections agent.

What happened

Mr D paid for his motor insurance via monthly instalments. The instalment due in November 2024 wasn’t paid. This resulted in his policy being cancelled. A claim had been made against the policy in October. This meant the annual premium was payable in full. Payment wasn’t made so Advantage sent the debt to a collections agent.

Mr D explained that he is a vulnerable customer and Advantage made no allowance for this, despite being aware of his circumstances. He said the business set up complaints without consent and closed others without allowing him time to provide information. Mr D said that he has been impacted financially. He said he is paying more for his mortgage due to Advantages handling of the matter. Also, that Advantage delayed confirming he’d settled the debt, which compounded the problem.

Mr D said he’d paid a full years insurance without receiving the benefit. Additionally, he described the significant impact all of this has had on his mental wellbeing.

Advantage provided responses to Mr D’s complaints on 31 December 2024, 5 February 2025, and 30 May. It maintained it had communicated clearly. Also that it charged a full premium and cancelled the policy in line with Mr D’s policy terms. It said it passed the debt onto a collections agent after providing several warnings. The business explained that as the debt had been transferred to the collections agent, it dealt with the payment on its behalf. It said confirmation of payment had to be processed through its systems.

Mr D didn’t think he’d been treated fairly and referred the matter to our service. Our investigator didn’t uphold his complaint. She thought Advantage had treated Mr D fairly when cancelling his policy and charging the full premium. She didn’t think there was evidence the business failed to account for his vulnerability. Or that there was reason to consider it provided a poor standard of service.

Mr D didn’t accept our investigator’s findings and asked for an ombudsman to consider the matter.

It 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.

Having done so I’m not upholding Mr D’s complaint. I’m sorry to disappoint him but I’ll explain why I think my decision is fair.

Mr D’s policy terms say:

“Payment by instalments: If an instalment under a credit agreement isn’t received by the due date that is an event that entitles your insurer to cancel your policy in accordance with its rights of cancellation set out in this policy document.”

“If the policy is cancelled, your insurer won’t refund a premium for any car where a non-recoverable claim has been made on the car or any replacement car during the period of cover. Where instalments are being paid under a credit agreement, the balance of the annual premium and the cancellation fee (if it’s 14 days or more since your policy started) will need to be paid.”

I think these terms are clearly written. Mr D agreed to pay his monthly instalments on time. If he didn’t his policy could be cancelled. A non-recoverable claim had been made within the policy year. This meant he was liable to pay the full premium in the event of a cancellation. I don’t think any of this is inherently unfair.

I note Mr D’s comments that the message he received about adding a new car to his policy was confusing. But it was correct for Advantage to confirm this option. This is because his car had been categorised a total loss from the accident in October 2024. His policy terms confirm that he has 30 days to add a new car to his policy. But it was still Mr D’s responsibility to ensure that he paid all his premiums. Had he paid the missing premium the opportunity to add a new car to his policy was available to him. But he didn’t pay the missing premium until after the matter had been passed to a collections agent. I don’t think this shows that Advantage treated Mr D unfairly.

The policy terms say that Advantage will provide seven days advance notice of a cancellation. I’ve seen a letter sent to Mr D on 2 December 2024 that explains his policy will cancel on 10 December if he doesn’t pay the outstanding balance. It wrote again on 11 and 18 December to confirm the policy had been cancelled.

I can see that Mr D was sent chasers by email and text message. He was told payment was outstanding. Advantage advised Mr D it was going to try and collect this using his Direct Debit instruction. He was also warned of possible cancellation. Based on this evidence he was given clear information. I don’t think Advantage treated Mr D unfairly.

Mr D was told in the letters and emails Advantage sent to him that he must pay the debt he owed. It explained it would try to collect this via the Direct Debit arrangement he had in place. In a letter dated 18 December 2024 it told Mr D if he hadn’t paid or got in touch by 1 January 2025 it may pass his account to a collections agent. It wrote to him on 8 January to say this had now happened. Again, this was communicated clearly and followed Mr D’s policy terms.

I’ve also listened to a number of call recordings between Mr D and Advantage. During these calls I’m satisfied he was made aware of the outstanding debt. He was also offered a payment plan during a call on 16 December 2024. Alternatively, he was told the debt could be placed on hold for 60 days. Mr D didn’t agree to either option. During this call Mr D seemed confused about why he needed to continue to pay premiums when his car was a total loss. But the agent did explain why this was the case. The agent also explained that the 30-day period to add a new car to the policy was a separate issue to the premium he hadn’t paid. She explained the unpaid premium was the reason for the cancellation. Mr D then explained he was feeling stressed and it was agreed to end the call, and he would call back when he felt better.

I note Mr D’s comments that the message about adding a new car to his policy was confusing. But I’m satisfied that he was provided with accurate information.

It was Mr D's responsibility to ensure that he paid his premium instalments as agreed. Had he done so the opportunity to add a new car to his policy was available to him. He didn't pay the missing premium until after the matter had been passed to a collections agent. But I don't think this shows that Advantage treated Mr D unfairly.

With reference to the call recordings, I didn't hear Mr D refer to a vulnerability or that he needed additional assistance. During the call on 16 December 2024, he did tell Advantage's agent that he was finding the situation stressful. The agent confirmed that he could call back when he was feeling better. I think this call was handled fairly. I've not seen anything from Mr D's contacts with Advantage that indicated he required additional help. I'm sorry that he found the situation stressful. But I can't see that Advantage did anything wrong when communicating with Mr D. Or in the action it took to cancel his policy and try to collect the payment he owed.

Mr D has raised several concerns with how Advantage dealt with his complaint. The Financial Conduct Authority's ("FCA") dispute resolution or DISP rules determine what complaints we can consider. But as complaint handling isn't a regulated activity – this means I can't consider these issues here.

I've thought about Mr D's comments that he complained about the pressure applied during a customer service call. He said this was changed to "*pressure during the valuation process*" in Advantage's complaint response.

In his email to Advantage dated 23 December 2024 Mr D said that when contacting its total loss team he was pressured into accepting the valuation it had offered. Later in the same email he also referred to pressure during a customer service call when he felt unsupported. He said the focus during this call was on "*extracting a payment commitment from him*".

In its complaint response dated 31 December 2024 Advantage did respond to Mr D's concerns about pressure being applied when discussing the valuation offer. It said that if this wasn't what Mr D was concerned about he should let it know. So, although I understand Mr D wanted Advantage to consider his point about customer service when he was discussing his debt situation - the opportunity was given for him to clarify his concerns so this could be responded to. I can't see that he did respond.

Mr D explained that he contacted Advantage, by email on 6 January 2025, asking for an extension to clear his debt. He said he didn't receive a response and complained on 8 January. We contacted the business and queried whether it would have allowed Mr D further time to pay had it acted on this email. It confirmed that it wouldn't.

I acknowledge Mr D's concern that he didn't receive a response to his email. This should have been responded to. But Advantage contacted him numerous times to explain the situation and set out the available options. Mr D was required by his policy terms to provide payment in full and didn't. So, I don't think Advantage acted unfairly when it referred his account to its collections agent when it did.

I've thought about Mr D's concern that when he paid the collections agent this wasn't confirmed immediately. In its submissions to our service Advantage said that Mr D paid the collections agent £84.48 on 17 January 2025. It received notification of this on 23 January. It said the remaining £2,000 was paid to the collection's agent on 24 April. It subsequently received confirmation of this and updated its record on 1 May. Advantage explained that as Mr D was dealing with the collections agent he will have received a receipt from it directly.

I note Mr D's comments that this impacted him when obtaining a mortgage and missing out on a lower interest rate. But from what I've read, I can't see that Advantage treated Mr D

unfairly here. The time taken to update its records from when Mr D settled his debt appear reasonable.

Having considered all of this I don't think Advantage treated Mr D unfairly when it cancelled his policy and referred the outstanding debt to a collections agent. So, I can't reasonably ask it to do anymore.

My final decision

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 D to accept or reject my decision before 28 January 2026.

Mike Waldron
Ombudsman