

The complaint

Mr H complains about the cancellation of his bicycle insurance policy by Laka Limited (Laka) due to non-payment of his premium.

What happened

Mr H's bicycle insurance policy started in February 2024. The policy automatically renewed each month and was paid in arrears.

On 31 May 2025, Laka cancelled the policy, it said it had failed to collect a monthly direct debit from Mr H's account on 3 May 2025. Laka said it had sent emails on 3, 6, 10, 17, 24, 29, 30 May and cancelled the policy at midday on 31 May 2025. Mr H contacted Laka on the same day. He said he had been away and made a payment for April.

On 2 June 2025 Laka confirmed by email *"Looks like payment for April's statement was successfully collected on May 31st. However, the system still automatically cancelled your policy. Please can you try and reactivate your policy from the cover tab in your [administrator] account? Let me know if this does not work"*.

The policy wasn't reactivated by Mr H.

On 6 August 2025 Mr H made a claim. Laka confirmed Mr H couldn't make a claim as the policy hadn't been reactivated.

Mr H complained to Laka who forwarded his complaint to the insurer.

Mr H remained dissatisfied and brought his complaint to this Service. Our Investigator didn't uphold the complaint. They didn't think that Laka acted unfairly or unreasonably.

Mr H didn't agree, so his complaint has been passed to me to make a 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 want to acknowledge I've summarised Mr H's complaint in less detail than he's presented it. I've not commented on every point he has raised. Instead, I've focussed on what I consider to be the key points I need to think about. I mean no discourtesy by this, but it simply reflects the informal nature of this Service.

My role here is to decide whether Laka have acted fairly towards Mr H.

The terms of the policy allow Laka to cancel it if there was a valid reason to do so. In respect of non-payment of the premium, the policy terms say Laka will give at least 14 days' notice in writing if it intends cancelling due to non-payment. In cases where an administrator cancels an insurance policy due to non-payment of premium, we'd expect it to take reasonable steps

to contact a policyholder to discuss the reasons for non-payment. I can see Laka contacted Mr H throughout May to try and obtain payment.

The policy terms also state:

“5.1.3 YOUR PAYMENT

[Administrator] will attempt to collect your payment on the 3rd business day of the calendar month after the period of insurance. [Administrator] will pre-authorise your payment on the last day of the period of insurance in which you are covered. If [Administrator] cannot collect your payment successfully, your cover will be paused retroactively to the last day of the previous month and you will not be able to submit a claim.

Laka will attempt to get in touch with you to continue your cover. If Laka receives your payment before the 7th business day of the new month, Laka will reactivate your cover retrospectively. If not, Laka will cancel your policy”

There is no dispute, Laka was unable to collect the payment on 3 May 2025 (which was for April's period of insurance) and contacted Mr H to let him know throughout May. Mr H didn't make payment until 2 June 2025 which was after 7th business day of the new month.

Laka had given Mr H 14 day's notice on 17 May 2025, the policy was cancelled at noon on 31 May 2025 before Mr H contacted Laka and made payment.

So I can't say Laka acted unfairly or unreasonably when it cancelled Mr H's bicycle policy.

On 2 June 2025, Laka emailed Mr H and confirmed it had received payment, but the policy was cancelled. It asked Mr H to try and reactivate his policy and let it know if didn't work.

On 6 August Mr H contacted Laka to make a claim on his policy. Laka confirmed that Mr H couldn't make a claim as the policy hadn't been reactivated.

Laka has said it confirmed with its in-house engineers, that there had been no web issues during that period. It also provided screenshots to show the online activity between 3 May 2025 and 6 August 2025, and there is no evidence to show that Mr H contacted Laka for help or support in attempting to reactivate his policy. Mr H hasn't provided any evidence to show that he tried to contact Laka between June 2025 and August 2025. Taking everything into account, I'm unable to conclude that Laka treated Mr H unfairly or unreasonably.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 30 April 2026.

Lorraine Ball
Ombudsman