

The complaint

Mrs L complains about how Acromas Insurance Company Limited (“Acromas”) handled the cancellation and refund of her car insurance policy, and dealt with a possible claim recorded against it.

Mrs L is represented in her complaint, but for ease I’m going to refer to her throughout.

What happened

Mrs L had a car insurance policy with Acromas taken out through a broker. The policy had been running for a few years and covered Mrs L and her husband, who sadly passed away during the period in question.

The policy renewed each year in late March. In late 2021 their car was involved in an incident, causing serious damage to it. The claim was reported to Acromas. In early 2022, a hire car loaned to Mrs L under the policy was also damaged.

At some point, her own car was recovered by a third-party insurance company, and Mrs L and Acromas agree this was on 5 February 2022. The car was then disposed of.

The car insurance policy wasn’t ended. It renewed in 2022 and again in 2023.

In 2024, the policy renewed again. In December 2024, Acromas was notified by a third party about a claim being made on her policy that related to Mrs L’s old car.

Mrs L complained to Acromas. It said it would refund the premiums from 5 February 2022 to 27 March 2024 (i.e., the remainder of 21-22, the full year 22-23, the full year 23-24). But it said it couldn’t refund for 2024-25 because of the potential claim that had been made against it.

I’ll explain further that the December 2024 claim was being made against Acromas by the Motor Insurers’ Bureau (‘MIB’). What this is likely to mean is that, when the incident that gave rise to the December 2024 claim happened, there was apparently no other policy in force covering the car at that time.

What this means is that Acromas may be responsible for paying the claim as Mrs L’s policy was still active, even though she’d disposed of the car two years beforehand.

Mrs L wasn’t happy with the amount of refund and brought her complaint to this service. Our investigator looked into it and thought it would be upheld. He thought Acromas should:

- Refund all paid premiums in full, covering the entire period from 5 February 2022 to the date the last payment was made by Mrs L, adding 8% simple interest.
- Remove any record of the December 2024 claim from Mrs L’s insurance history, as they held no insurable interest at the time and were not involved in the incident.
- Provide written confirmation that Mrs L will not be held responsible for the December 2024 claim.

Mrs L agreed with the view. Acromas said it had already partially refunded Mrs L but it couldn't remove records of the December 2024 claim as the case hadn't been closed by the MIB. What this means is that a claim may still be brought under Mrs L's policy.

Because Acromas felt it couldn't accept or reject the view, this complaint has been passed to me to make a final decision.

I issued a provisional decision intending to uphold Mrs L's complaint in part:

I can see from the file that Acromas has confirmed that its intention is that it will refund Mrs L's premiums in their entirety, plus interest, from 5 February to when Mr L stopped paying for the policy.

The key issue for Acromas is that it feels it can't do this until the MIB clarifies the situation about the December 2024 claim.

To be clear, Mrs L had disposed of her car well before this, and I've said above that the accepted date for this was 5 February 2022.

The details in the file about what went on are not clear as they involve a third party, but it appears it was either sold or written off or a combination of these. Either way, Mrs L wasn't the registered keeper of the car in December 2024 but had continued to pay the premiums.

I'm told Mrs L was struggling during this time and she has my sympathies. I've been told she wasn't used to carrying out the paperwork required and perhaps overlooked or misunderstood the situation.

I think Acromas' intention that it will refund the premiums is fair. From the information I have, this has already been partially carried out.

The remaining issue is the 2024-25 premium and the associated claim notification.

To explain further, the reason why this year's premium can't yet be returned to Mrs L is because if the claim is required to be paid by MIB, then the premium Mrs L paid is, under the terms of the policy, 'used' by Acromas.

If I required Acromas to refund this premium and then it was subsequently required by MIB to pay the claim, then it would be able to recover that premium, under the policy terms, from Mrs L.

I do appreciate Mrs L's representative has said that she would like the situation to be finalised, but I'm afraid I'm not able to bring it to the conclusion she wishes as I don't think it would be fair to require Acromas to refund this final portion of the premium at this stage.

I asked Acromas how the claim was recorded against Mrs L, and it said it was a "Third Party Report". It said it couldn't change that record because that was how the claim was reported it.

I also asked Acromas if it would remove the record of the claim in the event that the claim wasn't deemed as falling into Mrs L's policy cover. It said: "[the claim record] will be removed in its entirety once [the claim] has been redirected".

If this is the case, then I'd expect that Acromas then refund the premium paid for that policy year to Mrs L, adding interest at 8% simple. This service would support Mrs L if she needed to make a further complaint about this.

But I do need to remind Mrs L that, if the claim is settled against her policy, then I would think it fair that no further refund is paid to her.

Acromas has said that it is doing its utmost to bring the proceedings to an end, but until that time I'm afraid I can't ask it to refund the premium for the final period of cover. I do appreciate the impact of this on Mrs L and I'm sorry that I can't do more.

Responses to my provisional decision

Acromas accepted my provisional decision. Mrs L didn't respond.

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.

As the parties either accepted my decision, or didn't provide further evidence for me to consider, my final decision and reasoning remains the same as my provisional decision.

My final decision

It's my final decision that I uphold this complaint in part. I require Acromas Insurance Company Limited to refund to Mrs L the premiums she paid from 5 February 2022 to the expiry of her policy in 2024, adding interest at 8% simple. It's my understanding that this has already been refunded to her.

If the outstanding claim is not settled by Acromas under her policy, then Acromas needs to refund the premium she paid for the policy that started in 2024 until Mrs L stopped paying for it, adding interest at 8% simple to the date Acromas makes this payment.

Also, if the claim is not settled by Acromas under her policy, then details of it need to be removed from Mrs L's records.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 15 January 2026.

Richard Sowden
Ombudsman