

## The complaint

Mr W has complained about U K Insurance Limited (UKI)'s decision to cancel his breakdown insurance policy mid-term.

## What happened

Mr W held a breakdown insurance policy for around 20 years under a staff benefit scheme.

In December 2024 Mr W renewed his policy with UKI. In May 2025 he added another vehicle to the policy.

Mr P had arranged a trip to Europe for 49 days starting in June 2025 – and another in the UK in September 2025.

In May, June and July 2025 Mr W received a number of letters from UKI to tell him the scheme was ending and so the policy would be cancelled by UKI in July 2025. On receipt of letters in May 2025, Mr W called UKI. The agent explained that the scheme relationship between the breakdown company and his employer partner had ended for a number of years but the staff scheme had continued. Systems used to manage the policies were no longer to be in operation.

UKI provided a full refund under the policy: so backdated to the renewal date in December 2024.

UKI provided an alternative quote for a policy, but it didn't meet Mr W's needs. In June 2025 Mr W bought alternative cover elsewhere.

Mr W complained to UKI. He didn't believe it had the right to cancel the policy mid-term for the reason it gave. He said he had arranged trips on the basis of the cover he purchased in December 2024 and expected it to remain until December 2025.

Mr W received two undated letters in May 2025 referred to as 'second letter(s)' but Mr W had not received a first letter. He was unhappy he had been allowed to add another vehicle to the policy in May 2025. He said he was incorrectly advised by the agent that cover would continue until December 2025 – but from this point a new policy would be on new business terms due to the scheme ending.

Mr W was unhappy he did not receive a resolution to his complaint in time before his trip to Europe started on 23 June 2025. So he says he was forced to buy alternative cover on 16 June 2025.

On 30 June 2025 UKI upheld Mr W's complaint in part. It apologised for Mr W not receiving the first letter – and for the misleading information given by the agent about the end date for the scheme when he added another vehicle in May 2025. For the distress and inconvenience caused, UKI paid Mr W £100 compensation.

UKI said its decision to cancel the policy was correct, so it didn't uphold this part of Mr W's complaint.

Mr W remained unhappy and asked us to look at his complaint. He said the policy does not specify UKI can cancel the policy mid-term for the reason it did. While he accepts a business may make a decision to end a scheme, he believes UKI should have honoured the contract until the end of the term in December 2025.

Mr W wants a full refund of the premium he paid for alternative cover for a year from June 2025, an apology from UKI for wrongly ending the policy mid-term and compensation for the distress and inconvenience caused.

One of our Investigators didn't recommend the complaint should be upheld. She thought UKI had acted reasonably and in line with the policy. UKI had given sufficient notice of the cancellation. While the reason was not listed under the policy, it was a valid one. And UKI had provided a full refund of the premium, which was more than the policy required.

Mr W disagrees and wants an ombudsman to decide. In summary he believes the reason for cancelling the policy was not a valid one and the business should have committed to providing cover until the end of his policy in December 2025. He does not believe UKI has treated him fairly.

### **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.

Mr W's policy with UKI provides information on the cancellation process. It says;

*"We can cancel the policy at any time if we have a valid reason. If we have to do this, we'll give you at least 7 days' notice. We'll send our cancellation notice to the latest address or email we have for you and give you back what you paid, apart from an amount for the time that your policy lasted.*

*It's your responsibility to let anyone insured under the policy know that this policy has been cancelled."*

*"We'll only cancel the Policy if We have valid reasons for doing so. For example:*

- *If You've failed to co-operate with Us, or send Us information or documentation as described in Your Policy, and that has affected our ability to process your claim, or deal with Your Policy.*
- *If Your circumstances have changed in such a way that You no longer meet Our criteria for providing You breakdown cover.*
- *If You've used threatening or abusive behaviour or language, or You've intimidated or bullied our staff or suppliers.*
- *If We have good reasons to suspect fraud.*

*By you at any time contacting us to arrange the cancellation of your policy. In such event, provided no claims have been made during the cover year, We will issue a refund, which will be calculated on a pro-rata basis, less an administration fee as shown in Your Schedule.'*

I understand Mr W says the reason UKI cancelled his policy isn't listed. I agree. But UKI says it can cancel the policy if it has a valid reason. The scenarios given are described as

examples, so it does not include all valid reasons.

It isn't for this service to tell a business it must continue to provide cover where it has shown it has given sufficient notice of cancellation and treated a customer fairly when applying the policy terms. I think UKI provided a valid reason for cancelling the policy. Systems were no longer to be in place to administer the policy. The business partnership supporting the policy Mr W held had not been in place for a number of years. This seems to be a valid business reason for an insurer to cancel a contract mid-term.

So I find UKI cancelled the policy in line with the terms and treated Mr W fairly and as it would any other customer in the same circumstances. UKI provided Mr W with at least seven days' notice. So he was aware in good time of the forthcoming cancellation to make alternative arrangements.

Although UKI provided cover from December 2024 until July 2025, it backdated the premium refund to the renewal date. This is more than the policy required UKI to do in the event of cancellation. So while I understand Mr W had to pay for alternative cover in June 2025, this was for a year, while also receiving a refund for over six months of cover already provided.

I understand the decision by UKI caused Mr W some inconvenience in having to arrange alternative insurance cover. But I don't think UKI is responsible for the distress and inconvenience caused here.

However, UKI acknowledges that Mr W did not receive its 'first letter' it said it sent around 9 May 2025 informing him of the scheme's end. When he added another vehicle in May 2025, UKI misled Mr W about the date the scheme would end and when he would need to find alternative insurance on new business terms.

For the distress and inconvenience caused, UKI paid Mr W £100 compensation.

Overall, I find UKI treated Mr W fairly in the circumstances – and in line with its cancellation process – when it cancelled his policy. For the distress and inconvenience caused by its poor communication, I find UKI has done enough to resolve Mr W's complaint.

### **My final decision**

I'm sorry to disappoint Mr W. But for the reasons I've 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 W to accept or reject my decision before 11 March 2026.

Geraldine Newbold  
**Ombudsman**