

The complaint

Mr M complains about how Alwyn Insurance Company Limited ('Alwyn') handled a claim under his car insurance policy.

What happened

Mr M had a car insurance policy with Alwyn. He bought the policy online via a price comparison website and using a broker.

In September 2025, he was involved in a collision. He said he was turning into a car parking space when a third-party vehicle collided with him on his nearside. He denied liability.

He contacted Alwyn and told it about what had happened but he didn't want to claim. Alwyn recorded it on its system.

The third party then claimed against him.

About three weeks after the collision, Mr M transferred his car to his sister. He cancelled the policy as he didn't need the cover any more.

The broker said he still owed £663.94 as he'd 'used' the policy.

Mr M complained. He said he hadn't made a claim and thought it was unfair that the third party's allegation meant he would have to pay the remaining premium. He said Alwyn was relying on a technicality in the wording.

Mr M remained unhappy and brought his complaint to this service. He complains that he's been caused distress and inconvenience by being chased for the debt. He said *"I believe it is unreasonable to treat me as if I have made a claim or been found at fault when liability is still being investigated. Their approach has caused unnecessary financial stress, wasted time, and anxiety about debt collection for something beyond my control."*

Our investigator looked into it and thought that it wouldn't be upheld. He thought the policy wording was clear.

Alwyn agreed with the view but Mr M didn't.

Because Mr M didn't agree, 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.

It's very important I start by explaining what I'm able to deal with in this complaint. Mr M approached this service asking for the debt-chasing to be ended. But I can see that the debt recovery efforts are coming from his broker, rather than Alwyn.

What I can consider here is whether Alwyn acted fairly in how it applied its policy terms to the situation Mr M was in. If Mr M wants to make a further complaint against the broker then he's free to do so, and that complaint may reach this service in due course.

I also note that Mr M has advised that Alwyn assessed the situation and decided to settle the third party's claim in March 2026. Again, his approach to this service is about the debt-chasing rather than the way Alwyn has handled and decided liability for the collision and claim. I can't see that Mr M has made a complaint to Alwyn specifically about this point, so I can't make a decision about it here. I have, however, commented on the matter below, as I think it's relevant to Alwyn's refusal to refund any of the premium.

Under the terms of the policy wording, Alwyn says this about how Mr M is able to cancel his policy:

"Your Cancellation Rights

After the cooling-off period

You may cancel this Policy at any time by notifying Us or Your broker of the cancellation via email, telephone or in writing. On cancellation, You will be entitled to a refund of the premium paid (as long as You have not made a claim, or a claim having been made against You), after deducting the cancellation charge and a deduction for the time You have been covered, as set out in the Broker's Terms of Business.

If an incident has arisen during the Period of Insurance, which has or will give rise to a claim, then no refund will be issued."

I've mentioned above that a third party made a claim against Mr M. Mr M denied responsibility for the collision. The third party's version of events was that Mr M had pulled out of a parking space and collided with them.

I do appreciate Mr M doesn't agree that the collision was his fault, and he doesn't agree Alwyn should have settled the claim, but under the terms of the policy Alwyn can deal with claims as it wishes:

"Section 16

General Conditions Applying to the Whole Policy.

We, as Your Insurer, can:

- take over and conduct the defence or settlement of any claim"*

This type of wording is common in the insurance marketplace and I think it's fair.

I'd also comment that, given the nature of the collision, with the parties manoeuvring in a car park, I think it's likely that at the very least there'd be some level of sharing of responsibility of 'fault' for the claim. The reason I say this is because there's no mention on the file of any independent evidence such as witness statements or CCTV footage that might help clarify matters.

Unfortunately for Mr M, that means I think it's likely he'd bear some level of responsibility (or 'fault') for the collision, and so his policy wouldn't provide a refund under the policy terms.

I asked Mr M why he'd cancelled the policy and he confirmed that he'd passed the car to his sister and bought a new one. He purchased a new policy for the new car, and cancelled the existing policy. He confirmed he didn't discuss this with Alwyn or the broker.

I think it's fair I say that if he had spoken to either of the companies, then he may have found cover could potentially have been transferred to his new car, or he may at least have rethought his actions when he was told no refund would be due and he owed the remaining premiums. But he didn't do this, and I can't say that Alwyn acted unfairly.

What this means is that I think Alwyn acted fairly and in line with the policy terms in how it dealt with Mr M's cancellation of his policy, and I don't think it needs to do anything more.

Finally, I need to comment that I haven't been provided with evidence about how Alwyn decided liability for the collision between Mr M and the third party, although I have commented above on how the policy wording deals with this. Alwyn has said:

"Where there is no cancellation refund initially due to liability for an incident being in dispute, but the claim can subsequently be closed as non-fault with no payment and the policyholder's No Claim Discount allowed, a pro-rata cancellation refund would then be given by the Underwriter to the insurance broker."

What this would seem to mean is that, if Mr M disagrees with the settlement of his claim, then he's free to make a complaint to Alwyn about the way it dealt with and settled his claim. If that complaint results in a change of decision by Alwyn, then Mr M may be entitled to a partial refund. This service would support that approach.

My final decision

It's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 April 2026.

Richard Sowden
Ombudsman