

The complaint

Mrs S has complained about Advantage Insurance Company Limited. She isn't happy that it cancelled her policy after she notified them of a potential claim and the poor service she received.

What happened

I looked at this case and provided my initial thoughts in my provisional decision as follows;

Mrs S reported an incident to her insurer after a friend caused damage at her rented property while trying to repair her car. Advantage asked Mrs S for the details of the friend as they were in control of the car at the time of the incident. But Advantage felt that Mrs S wasn't cooperating enough and cancelled her policy.

When Mrs S complained about this it did reinstate the policy but went on to cancel the policy again as although Mrs S provided her friends details it needed their insurance details in order to approach their insurer about the incident. It felt that it ultimately acted fairly in cancelling the policy due to lack of cooperation by Mrs S but offered £150 by way of compensation for its poor service. As Mrs S remained unhappy, she complained to this Service.

While the matter was with our Investigator for consideration Advantage increased its offer of compensation to £300. Although it maintained that it was entitled to cancel Mrs S' policy it accepted that it should not have taken the full remaining premium owed and should have agreed a reasonable continuing repayment plan with Mrs S. So, it offered to refund the additional premium it had taken (just over £800) from Mrs S plus 8% interest for the time she was without the money and to agree a repayment plan for the money owed for her time on cover.

Our Investigator clarified with Advantage that the cancellation wasn't marked on any internal or external databases so Mrs S didn't have to disclose this to future insurers and so he thought Advantage's offer was fair.

As Mrs S didn't agree the matter has been passed to me for review.

What I've provisionally 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 don't think that Mrs S was treated fairly by Advantage, and I'm provisionally minded to uphold her complaint as I feel it should take additional steps to put things right. I'll explain why.

Although I can understand why Advantage looked to cancel Mrs S' policy as it felt that Mrs S allowed control of her car to be passed to someone else and she didn't provide details of her friend's insurance provider so it could make contact in relation to the incident. However, I think Mrs S was trying to cooperate and provided contact details of her friend. I know she

was eventually able to provide her friend's insurance provider's details as well at a later stage, but I can understand why this wasn't straightforward or easy to obtain, so I think she was trying to help here.

Advantage seemed to accept that it gone things wrong when it reinstated the policy but I'm not sure what else Mrs S could have done here. She let her insurer know about the incident in line with what would be expected under her policy even though she wasn't looking to make a claim herself and provided details of her friend, as much as she was able to. And I don't think it was fair for Advantage to look to cancel her policy as she clearly was trying to cooperate as best she could.

Although I accept that Advantage may have wanted to cancel the policy and can choose to cancel the policy if it wishes, However I think that this produced an unfair outcome in the particular circumstances of this case. I understand it has confirmed that no cancellation marker has been placed against her, and Advantage has now offered £300 by way of compensation for taking the full remaining premium for the year and the stress and inconvenience caused. But, as I understand the present position there hasn't been a claim made against the policy and I feel Mrs S shouldn't have been charged the full years premium, just for her time on cover.

So, cancelling Mrs S' policy for this may have been harsh but given the circumstances I can understand Advantage's position. And it has now offered £300 by way of compensation for the stress and inconvenience caused, especially in taking the remaining premium when it had agreed not to and I think this feels fair in the circumstances. However, as Mrs S didn't use the remaining time on cover and a claim hasn't come to fruition, I think Advantage should refund this in full and pay 8% simple interest for the time she has been without the money.

Finally, I know Mrs S would like Advantage to accept that she will not be held liable or pursued for any costs in relation to the potential claim stemming from the incident. But as there hasn't been a claim to date I wouldn't expect any conclusion to be drawn on this by Advantage and that would be advanced and considered if a claim is made against her policy. And Mrs S can advance a complaint about this if a claim is ever made against her policy at a later stage if she wishes.

Given all of this I agree that Advantage didn't act fairly here on the whole and I'm provisionally minded to ask it to take the steps outlined and to -

- Only charge time on cover and refund the additional premium Mrs S has paid,
- Pay 8% simple interest from the date Mrs S paid the additional premium until the date of settlement,
- Ensure there are no adverse cancellation markers against Mrs S on any internal or external systems and provide a letter of explanation to Mrs S, and
- Pay £300 compensation.

Replies

Both parties replied to the provisional decision. Mrs S said she was pleased that there was recognition of the impact on her of the cancellation and the significant distress this had caused. She highlighted that as a mother living alone the emotional pressure had been substantial and she accepted my provisional decision and the outcome in its entirety in acknowledgement of all this.

While Advantage said that the premium had been correctly applied as there had been a claim logged against the policy after '*an incident*'. And it highlighted that as the policy was a '*cancellation and not voidance...*' that this wouldn't be seen by any future insurers, so Mrs S didn't need to disclose this.

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 remain of the view that the complaint should be upheld. I don't propose to go over the position outlined again in detail as Mrs S has accepted my provisional decision, but I will comment on the additional points Advantage have raised.

As I understand things an incident was raised against the policy. However, a claim wasn't advanced as Advantage have signposted the claim to the actual 'driver' or person who was in control of the vehicle at the time of the incident – so a claim hasn't been advanced. But, either way, I don't think Mrs S has been treated fairly here. I say this as Advantage has acknowledged that it shouldn't have cancelled Mrs S' policy in the first instance and although I accept why it chose to cancel the policy this has produced an unfair outcome here. This is because Mrs S wasn't allowed to use the remainder of her policy when she should have been and so I feel this should be refunded.

Plus, I thank Advantage for clarity here around how the cancellation has been marked and that there should be no impact externally. And so, I'll simply leave it to confirm this in writing now to Mrs S and to ensure there are no adverse markers recorded internally as well.

My final decision

It follows, for the reasons given above, that I uphold this complaint.

I require Advantage Insurance Company Limited to –

- Only charge time on cover and refund the additional premium Mrs S has paid,
- Pay 8% simple interest from the date Mrs S paid the additional premium until the date of settlement,
- Ensure there are no adverse cancellation markers against Mrs S on any internal or external systems and provide a letter of explanation to Mrs S, and
- Pay £300 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 27 March 2026.

Colin Keegan
Ombudsman