

The complaint

Mrs H has complained that Advantage Insurance Company Limited cancelled her home insurance policy and required her to pay the balance of the annual premium.

What happened

When Mrs H first took out a home insurance policy with Advantage in 2021, she told it she'd only made one home insurance claim in the last five years and that was for storm damage.

On 27 March 2025 Mrs H contacted Advantage as she'd noticed the floor had dropped between her kitchen and conservatory. She said this had happened recently.

When Advantage checked the claims database used by many insurers (CUE), it found that Mrs H was recorded as having made claims in 2019 and 2021. The former was for what appeared to be a very similar issue with the floor.

Advantage declined the claim. It said the policy didn't cover damage that happened before the policy started. It cancelled the policy from the 27 March 2025 on the basis that Mrs H had given it incorrect information. It also required her to pay the balance of the annual premium being £337.74.

Mrs H said she'd never made the 2019 claim and she wasn't sure who had reported it. Her previous insurer had no information about who had made the claim but confirmed that she hadn't proceeded with it.

Advantage didn't change its decision. When Mrs H didn't pay the balance of the premium, it instructed a debt collection agency to recover the money on its behalf.

Mrs H referred her complaint to this Service. I issued a provisional decision explaining why I was minded to uphold her complaint in part. An extract from my provisional findings is set out below:

"The relevant law in this case is The Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). This requires consumers to take reasonable care not to make a misrepresentation when taking out an insurance policy. If a consumer fails to do this, the insurer has certain remedies under the Act.

I've seen the entry that Mrs H's previous insurer added to CUE. It refers to a claim for a dropped floor between the kitchen and conservatory in September 2019 with no costs. So there's no question that Mrs H's previous insurer recorded this as a claim even though Mrs H has no recollection of it. That means in March 2021 Mrs H gave Advantage incorrect information about only having made one claim in the previous five years.

However this doesn't mean that Mrs H made a misrepresentation under CIDRA at the time of the renewal in March 2025. The policy that Advantage cancelled was a renewal. For the purposes of CIDRA this is treated as a new contract of insurance and Mrs H had a duty not to make a misrepresentation on renewal. By the time the policy was renewed in March 2025,

it was more than five years since Mrs H had contacted her previous insurer about the drop in the floor. So I don't think Advantage has shown that Mrs H made a misrepresentation under CIDRA at the time of the 2025 renewal.

Advantage relied on the policy terms as opposed to CIDRA in this case. Advantage said that it was entitled to cancel or avoid the policy if Mrs H knowingly provided it with information which was not true or could be misleading.

For the reason explained above, I don't think on the 2025 renewal Mrs H did provide information which was untrue or capable of being misleading. So I'm not persuaded Advantage treated her fairly by cancelling her policy on this ground. It follows that it should take steps to put things right.

Firstly it should remove any record of the cancellation from all internal and external records.

Mrs H has purchased alternative cover. It is likely that she would have had to pay more for comparable cover due to the cancellation. Upon Mrs H providing a valid schedule of insurance (or other comparable evidence) confirming that she had a policy similar to the one Advantage had cancelled but costing more, Advantage should pay Mrs H the difference in cost.

It should also calculate the premium due for the 2025 policy year up to the date of cancellation and refund any excess due to Mrs H. If Mrs H owes it anything in respect of that period, Advantage can deduct the balance from the amount due to her under this award.

Having a policy unfairly cancelled and being chased by debt collectors will have caused a lot of upset to Mrs H. In the circumstances I think Advantage should pay her £200 compensation for that."

Advantage didn't respond to my provisional decision. Mrs H accepted it but queried whether she could continue with her claim for the damage to her floor under the policy with Advantage.

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 neither party objected to my provisional findings, I see no reason to change them and they now form part of this final decision.

Advantage declined Mrs H's claim on the basis that according to CUE a claim had been made to a different insurer for the same issue and so the damage predated her policy with it. I know Mrs H disputes making such a claim and it isn't clear how it came to be made. But I think Advantage was entitled to rely on this independent evidence to decline the claim. So I won't require Advantage to reassess the claim.

Putting things right

To put things right Advantage should:

- Remove any record of the cancellation of Mrs H's policy from all internal and external records.
- Upon Mrs H providing evidence that she had a policy similar to the one that was cancelled but costing more, Advantage should pay Mrs H the difference in cost between

the two policies plus simple interest of 8% a year from the date she took such policy out to the date of settlement.

- Calculate the premium due for the 2025 policy year up to the date of cancellation and refund any excess due to Mrs H. If Mrs H owes it anything in respect of that period, Advantage can deduct the balance from the amount due to her under this award.
- Pay her £200 compensation.

If Advantage Insurance Company Limited thinks it's required by HM Revenue & Customs to deduct income tax from any interest due to Mrs H, it should tell her how much it's deducted and give her a certificate showing this if she asks for one.

My final decision

I uphold this complaint and require Advantage Insurance Company Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 8 May 2026.

Elizabeth Grant
Ombudsman