

complaint

Mrs Y complains that CIS General Insurance Limited (“CIS”) cancelled her motor insurance policy without due notice, leading to the named driver insured under it being prosecuted for driving uninsured.

background

The background to this complaint was set out in my provisional decision of 3 June 2014. Briefly, Mrs Y took out ‘young driver’ insurance through CIS. The policy involved the installation of a ‘Smartbox’ to monitor driving and communication via a ‘dashboard’ notification method. When the young named driver on the policy was later involved in a minor accident, she found that the policy had been cancelled by CIS previously because a copy of the V5 registration document had not been received by CIS.

Our adjudicator reviewed the complaint and recommended that it should be upheld. She noted that CIS’s engineer had seen the V5 document when he fitted the Smartbox in September 2011 and that CIS had taken the payment in full from Mrs Y at that point. In her view, CIS had failed to communicate sufficiently well with Mrs Y before cancelling the policy seven months later, in April 2012. It had also delayed in reimbursing her premiums until the end of May, after the accident took place.

CIS did not initially respond to the adjudicator’s view. However, eventually it pointed out that it had sent several emails to the email address provided to it, asking for the V5 registration document to be supplied and warning of the policy’s cancellation if it were not provided. It also sent a letter to the address provided. CIS said it was not responsible for the fact that the named driver did not check his emails or ‘dashboard’ notifications, or that, due to his change of address (not notified to CIS) the letter was not received.

As CIS disagreed with the adjudication, the complaint was passed to me for review.

I was minded to conclude that the complaint should be upheld. In my view, Mrs Y thought she had fulfilled CIS’s requirements in terms of the V5 by producing it for the engineer. Although I agreed that the named driver should have checked emails and CIS should have been advised of the change of address, I considered that CIS should have chased the lack of response, given the seriousness of cancelling the policy. In addition, I was minded to conclude that, had it contacted Mrs Y about the difficulty it was having refunding her premium, she would have been alerted to the situation and would have had insurance back in place before the accident occurred.

Mrs Y accepted my provisional decision and reiterated that she received no correspondence from CIS, although she had arranged for mail to be redirected to the new address.

CIS said its engineer was only provided with part of the V5 document by Mrs Y, which was sufficient for it to install the Smartbox. However, it says she would have been informed to send the remainder of the V5 form to CIS once it was received back from the DVLA; the policy terms require the V5 to be provided before day 45 of the policy. CIS also says if Mrs Y had done as she should have done (in line with policy terms and conditions) and updated her email details and change of address, she would have been aware of what was happening, as it did try to communicate with her. It accepts there were issues around refunding her premium promptly and agreed to £100 compensation for that.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

On balance, I accept Mrs Y's assertion that she understood the Smartbox would *not* be fitted without the V5, so she produced it to the engineer. For whatever reason, she was not told to send on the rest of the V5 to CIS. I am satisfied that had Mrs Y been told that anything further had to be submitted to CIS she would have done so, rather than prejudice the insurance policy for which she had already paid in full.

Furthermore, although CIS says the full V5 had to be provided before day 45, in fact the policy was left in place for seven months without it. The policy start date was 28 September 2011 and for several months, CIS took no action at all, which would have appeared to any consumer to confirm that CIS considered the policy to be valid. In my view, Mrs Y had no reason to consider that the policy was not in place. CIS accepts that it should have done more when it received no response to emails, but it did not, and the policy was allowed to run until 22 April 2012. At that stage, I am not persuaded cancellation was reasonable.

I remain of the view that the named driver was not blameless, as he should have checked email notifications. Normally, we consider proof of the fact that a letter was issued by an insurer to be sufficient notice, and it is not clear why the re-directed post did not reach Mrs Y. However, only one letter was sent, and in this particular case the issues referred to above complicate the matter considerably, in my view.

Furthermore, CIS had another opportunity to communicate with Mrs Y following the cancellation, and in my opinion could have prevented the named driver being stopped for driving without insurance. I am satisfied that when Mrs Y's reimbursement of premium could not be credited to her account, CIS should have made more effort to contact her. Had it done so in April or early in May 2012, as it should have done, I am satisfied that she would immediately have arranged for insurance to be put back in place. I appreciate that CIS accepts responsibility for this delay and has made an offer of compensation, but in my view, the consequences of the lack of communication mean that considerably more is merited.

Overall, I am not persuaded to depart from the findings in my provisional decision and I consider it fair and reasonable to uphold this complaint.

my final decision

My final decision is that I uphold this complaint. I require CIS General Insurance Limited to do the following:

- reimburse the named driver £695 for the fine he received and add interest at 8% simple pa, from the date of payment to the date of settlement;
- reimburse the named driver for the cost of retaking one driving test;
- update insurance databases to show that the policy was cancelled in error;
- provide Mrs Y and the named driver with a letter stating that the policy was cancelled due to CIS's error;

- reimburse the named driver for reasonable solicitors' fees in avoiding the IN10 conviction / endorsement;
- should the IN10 endorsement not be avoided, compensate the named driver for the effect on his premiums by paying him £1,500;
- pay the named driver £300 compensation for the loss of use of the vehicle;
- pay Mrs Y and the named driver £500 between them for distress and inconvenience;
- confirm it will deal with any third party claim arising as a result of the accident.

As CIS has refunded part of the premium to Mrs Y it should subtract the refund from the settlement sum.

Susan Ewins
ombudsman