

complaint

Mr E complains Insure the Box Limited (ITB) forced the cancellation of his motor insurance policy.

background

Mr E had a motor insurance policy with ITB; this was renewed in September 2018 and was due to expire in September 2019. On 2 April 2019, Mr E called ITB as he said he'd sold his car to a friend 10 days before. Mr E said he wanted the policy to continue as even though he wasn't the owner of the car he was going to continue to drive it for his friend.

In the call Mr E was told as he was no longer the owner or registered keeper he couldn't be covered by the policy. During the call Mr E was told he had 3 options:

- to cancel the policy – which would mean he'd lose his no claims bonus for the current policy year;
- to change ownership back – but would need to send the necessary documents; or
- he could suspend the policy – this meant he continued to pay his insurance but a car wouldn't be covered by the policy. This would mean his no claims bonus would continue to accrue for the policy year. And once he had another car this could be added to it.

Mr E said ITB was "*pushing*" him on the call to cancel the policy when he wanted to suspend it. He said the agent had been argumentative and rude, and had promised to call him back about his policy but hadn't.

ITB said it had asked Mr E to provide information, and had given him time to respond. When he didn't its underwriters cancelled his policy.

Mr E said he hadn't responded as he'd been away from home so didn't get the letter, and was busy with exams. He also said ITB asked for documents he no longer had as he wasn't the owner of the car. And that he'd wanted to suspend his policy but ITB hadn't called him back.

ITB said it found no issues with the way Mr E had been dealt with in the call. And Mr E had said he'd call ITB the day after the call and hadn't.

Mr E referred his complaint to us, as having an enforced cancellation noted against him affected the premiums he'd need to pay for motor insurance cover.

Our investigator said ITB had been reasonable in the time it had given Mr E to decide which option he wanted. But said Mr E should be compensated £50 for poor customer service as he'd been told he'd get a call back which didn't happen.

Both ITB and Mr E disagreed with our investigator. ITB said an apology was sufficient as it was Mr E who hadn't called back as he said he would. Mr E said he couldn't provide the documents ITB wanted as he was no longer the owner and the enforced cancellation of the policy would cause him financial hardship. They both want an ombudsman to make a decision.

I sent a provisional decision in September 2019 which said:

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'm currently thinking not to uphold this complaint. And I don't think it's fair for ITB to pay Mr E for poor service. I'll explain why.

The cancellation of a policy can have a significant impact on a policyholder as policy cancellations are taken into account when being offered insurance and calculating future premiums. So I need to determine whether ITB has been fair and reasonable in what it has done.

Mr E said he sold his car about 10 days before he called ITB to tell it of this change. In the terms and conditions of his policy it says:

“Cover will not be granted to any car which: has a registered keeper and legal owner other than the policyholder (or their spouse, partner, parent or guardian)”

And this is what Mr E was told when he called on 2 April 2019. I've listened to the call and there is some confusion as to what has happened and what Mr E wanted to do. At one point, after being told cover could be done for a partner, Mr E changed his account and said he'd sold his car not to a friend but to his “partner”. But I'm not persuaded that this was correct as later in the call Mr E again referred to the person he'd sold the car to as his friend.

I do think ITB tried to understand Mr E's needs and did give him a number of options to consider: cancellation, reversing the change of ownership or suspension. During the call Mr E discussed all of the options, first saying he wanted to cancel, then that he'd get his friend to change ownership or get his own insurance cover and then asking for the cover to be suspended. As Mr E changed his mind and couldn't decide he said he wanted the policy to be kept as it was. And that he'd call back the next day.

At the end of the call there was agreement that the cover would be allowed to continue for a week. And that ITB would call him back at the end of that week to find out what the situation was. I think it was also made clear to Mr E that if nothing had happened he would have to cancel his policy or change the registered keeper. But if he wanted to suspend his policy he had to call ITB back to do it.

The terms and conditions of Mr E's policy do allow ITB to cancel his policy with at least seven days' notice.

I can see that ITB sent a letter dated 5 April 2019 to Mr E's home address. This letter was headed “Urgent Attention Required”. The letter said Mr E needed to provide information in the form of the registration documents of the car to be covered by the policy. And gave him until 14 April 2019 to do this, or his policy would be cancelled on 15 April 2019. The wording for this part of the letter was in a bold font which I think made this stand out and clear as to what would happen if the documents weren't sent.

It also made Mr E aware that if his policy was cancelled by ITB that it wouldn't be prepared to arrange any future insurance for him. And that he would need to tell any future insurance provider that ITB had enforced the cancellation of his policy.

On the same day an email was sent to Mr E which contained the same information as the letter. And a text message was sent to his mobile phone. Again clearly headed "Urgent immediate attention". ITB's records show the text message was delivered.

As Mr E didn't get back in touch, ITB sent notification to him on 15 April 2019, by email, that it had cancelled his motor insurance policy. It was only after Mr E got this email that he got in touch with ITB. Mr E said he couldn't provide the information asked for as he was no longer the owner of the car.

But as outlined above I think the options available to Mr E were clearly explained to him in the call on 2 April 2019. And that he did consider all of his options; this included changing ownership of the car back to himself. So, I don't think it was unreasonable for ITB to ask for proof of registration of the car.

Mr E also said he'd call back the next day if he decided to suspend the policy. But he didn't call back the next day, so his policy wasn't suspended. And I think it was also made clear that the situation couldn't continue as it was, so doing nothing wasn't an option for him.

I know Mr E was told he would get a call back and our investigator awarded £50 for poor service as he didn't get this call. But ITB tried several channels of communication with him during that week. And I think it was made clear to Mr E, in the letter, email and text message that he needed to do something straight away and the implications to him if he didn't. So, I don't think it's fair to award Mr E £50 as I think ITB tried several ways to contact him before the end of the week. And I think it gave him a reasonable amount of time to prevent the enforced cancellation from happening.

I can understand Mr E's frustration as the impact of an enforced cancellation means his future premiums will be higher, but I can't hold ITB responsible for this. And I don't think ITB were unreasonable in cancelling his policy.

responses to my provisional decision

I haven't had any further comments sent to me to consider by either Mr E or ITB

my final decision

For the reasons outlined above I don't uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 16 November 2019.

Anne Scarr
ombudsman