

complaint

Mr A complains that Advantage Insurance Company Limited cancelled his motor insurance policy and didn't reinstate it. He's also unhappy about the amount he had to pay to settle his account.

All references to Advantage include its agents.

background

In February 2018 Mr A contacted Advantage to query why his motor insurance policy had been cancelled. Advantage told him that it had tried to contact him about a claim (brought by another driver) in June 2017. His policy was due to run until June 2018, but it was cancelled in December 2017, because he hadn't co-operated with Advantage in relation to the claim. It said that he needed to pay the outstanding premiums and a cancellation fee, amounting to a total of £156.82.

Mr A disputed that his vehicle had been involved in an accident. He said he hadn't received any contact regarding the claim. Advantage told him it had sent him letters, had tried to call him and instructed accident investigators to contact him as well. It had then sent a letter and an email advising that, if it didn't hear back from him, the policy would be cancelled. As no contact was made, the policy was cancelled.

Mr A brought his complaint to our service. He said he hadn't received any contact from Advantage regarding an accident, which he denied happening. He had provided Advantage with a new phone number, but he hadn't received any calls. It also hadn't contacted him by email. He said Advantage had not informed him that the policy had been cancelled in December 2017. He got a letter about it at the end of January 2018. And Advantage had taken a direct debit payment in January 2018 even though the policy had ended in December 2017.

Mr A said Advantage persuaded him to pay over £150 to reinstate the policy but it didn't do so. When he first took out his policy with Advantage in 2016, he paid a deposit upfront and was told it would be refunded to him when the contract finished, but it was never returned to him.

Mr A said motor insurance was now too expensive for him to afford because the accident had been placed on the claims database. He was seeking compensation for travel expenses and losing shift work. And he was also claiming his deposit and one month's payment that was wrongly taken from his account in January 2018, together with the cancellation payment of over £150.

I issued a provisional decision on 21 February 2020 where I explained why I didn't intend to uphold Mr A's complaint. In that decision I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'd like to reassure Mr A that I've carefully considered all his complaint points alongside the information available to me, this includes recordings of his telephone conversations with Advantage. But based on what I've seen so far, I don't intend to uphold his complaint. I'll explain why.

Advantage had an obligation to act honestly, fairly, professionally and in Mr A's best interests.

cancelling the policy

The policy terms state that Advantage would never cancel the policy without a valid reason for doing so. It lists several valid reasons for cancelling including:

"Where you are required in accordance with the terms of this policy booklet to co-operate with us or your insurer, or send us or your insurer information or documentation and you fail to do so in a way that materially affects your insurer's ability to process your policy, a claim, or ability to defend their interests."

Advantage says it cancelled Mr A's policy because he wasn't co-operating with its investigation into a claim made by the driver of another vehicle. It says it made multiple attempts to contact Mr A by letter, phone and through accident investigators.

I appreciate that Mr A disputes that the accident took place. But what I need to consider is whether Advantage acted fairly in handling the claim and cancelling the policy.

Advantage has sent us copies of correspondence from the other driver's insurer, which includes the other driver's allegations that Mr A's vehicle was involved in the accident. I can see that Advantage sent several letters to Mr A asking him to complete an accident report form. There's also a letter from the accident investigators which says it had written to Mr A but had received no response. They had tried to speak to Mr A on the telephone number provided, but it failed to connect, and they couldn't find another phone number for him. They had visited Mr A's flat, but he wasn't there, so they'd left their contact details but hadn't received a response.

Advantage says it tried to contact Mr A by telephone. But the telephone number showing on the paperwork from when Mr A first took out the policy is incorrect by one digit. Advantage says Mr A took out the policy online via a comparison website and would have entered his contact information himself. So, I don't think Advantage was responsible for the number being incorrect.

In December 2017 Advantage sent a letter to Mr A which said it had made several attempts to contact him in relation to the alleged incident of June 2017. As he had not responded, it had no alternative other than to settle the third party claim in full, as a fault claim. It sent further letters in December 2017 and January 2018 regarding the cancellation.

Advantage's records show that three emails were sent to Mr A in December 2017 and January 2018, to prompt him to look at letters regarding the cancellation on its online portal.

Mr A has complained that Advantage didn't mention the alleged accident to him when he called to renew his policy. But Advantage's records show that the telephone conversation about the renewal of Mr A's policy took place eleven days before the alleged incident.

Having considered the above, I think Advantage made sufficient attempts to make Mr A aware of the claim and it acted reasonably when it decided to settle it. It couldn't defend the claim in court without any information from Mr A. I also think it was fair for Advantage to cancel Mr A's policy, because this was in line with the terms and conditions.

payments

Mr A is unhappy that Advantage took a direct payment from him in January 2018, when the policy was cancelled in December 2017. He's also questioned why he was told to pay over £150 to settle the account.

Advantage wrote to Mr A on 20 December 2017 to let him know that his policy would be cancelled in 7 days. But it didn't process the cancellation until 4 January 2018, to give Mr A extra time to get in touch. As he didn't contact Advantage, it went ahead with the cancellation, backdating it until 27 December 2017. At that point, Advantage had already applied for Mr A's direct debit payment which was due on 8 January 2018.

I'm satisfied the January direct debit payment had been taken into account in the calculation of what Mr A needed to pay to settle the account. I say this because the payment schedule Advantage sent in Mr A in June 2017 shows a first payment of £60.76 for June 2017, followed by 10 monthly instalments of £49.10 (from July 2017 to April 2018). This means that payments up to and including January 2018 totalled £404.46. And the breakdown of charges issued on 4 January 2018 shows "total Direct Debit instalments paid by you" of £404.46. This letter also shows that Mr A needed to pay £156.82 to settle his account.

The policy terms state that "No refund of premium will be provided if you have made a claim, or if one has been made against you, during the period of insurance and if you are paying by instalments, you will have to pay the balance of the annual premium and our cancellation fee of £45 will still be payable."

The breakdown of charges show that Mr A was charged the full premium and a cancellation charge of £45. This is in line with the terms of the policy. So, I think it was fair for Advantage to tell Mr A he needed to pay £156.82 to settle the account.

reinstatement of policy

Mr A says Advantage told him it would reinstate his policy if he settled the account. I've listened to recordings of Mr A's conversations with Advantage in February 2018. Mr A was told that it couldn't reinstate his policy, but it could put him through to the sales team to give a quote for a new policy if he paid the outstanding balance. He was told that he couldn't be given a quote for a new policy until he'd paid the balance in full. But if he was unable to do this, Advantage could set up a payment plan and he could look to get insurance elsewhere.

After Mr A settled the account, he was put through to the sales team, where a member of staff went through his details. He was then told that based on the information given, Advantage was unable to give Mr A a competitive quote. He was advised to go to a comparison website or another insurer to get insurance elsewhere.

I think Advantage gave him the correct information when it told him he would need to settle the account before he could have a new Advantage policy. It's unfortunate that it couldn't give him a quote for a new policy, once he'd paid the outstanding balance. But I don't think Advantage has acted unfairly, because it made him aware that he had the option to agree a payment arrangement and to seek insurance elsewhere, before he settled the account.

Deposit

Mr A says that when he took out the policy in 2016, he was told it would be refunded to him at the end of the policy. He says he was told his initial deposit still stood when he renewed his policy.

Advantage says it didn't tell Mr A that there was a refundable deposit. He took out the policy online via a comparison website, so it couldn't have misadvised him over the phone. He did call Advantage in June 2016 and again in June 2017, after his policy had automatically renewed.

I've listened to both calls and there's no mention of a refundable deposit. This also isn't showing in any of the paperwork I've seen. This includes a letter from when Mr A first took out the policy which details the policy costs and his payment plan. It says that as Mr A had already paid the first instalment, the remaining 11 instalments would be taken by direct debit. So, I don't think Advantage is likely to have told Mr A that he would be refunded a deposit when his insurance ended.

claims database

Advantage has a duty to record accurate information on the database that can be viewed by other insurers. It had to record the claim on Mr A's policy as a 'fault claim' because it had to pay out for it and it couldn't recover its costs. As I've said, I think it acted reasonably when it decided to settle the other driver's claim.

I appreciate that Mr A has had difficulty finding affordable insurance because of the fault claim on the database. But again, I can't say Advantage has done anything wrong.

I know this will be disappointing for Mr A, but having considered everything I've seen so far, I haven't found a reason to uphold his complaint."

I invited both parties to send me any further information or comments they wanted me to consider before I issued my final decision.

responses

Mr A didn't respond with any further comments or information. Advantage told us it had nothing further to add.

my findings

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 has provided any further information, I see no reason to change my conclusions.

my final decision

For the reasons I've explained, I don't uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 1 May 2020.

Anne Muscroft
ombudsman