

complaint

Mr J complains that Gefion Insurance A/S cancelled his commercial motor insurance policy. He wants the cancellation record removed and a reimbursement of his cancellation costs.

background

Mr J bought a policy from Gefion for a van he had bought from his father. Gefion was concerned that Mr J had had a policy for the same van seven months earlier, which had been cancelled. Mr J explained that he'd intended to buy the van then, but he had changed his mind. The said the van was then off the road. He couldn't provide the full V5 registration document as proof because it was with the DVLA. Gefion was unhappy with this and the policy was cancelled. Mr J said his new cover was more expensive because of this.

Our investigator recommended that the complaint should be upheld. He thought Gefion had unfairly cancelled the policy because he thought Mr J had provided a reasonable explanation about the gap in the van's insurance. He thought Gefion should have waited until it had the V5, which backed up Mr J's account.

To put things right, he recommended that Gefion remove record of the cancellation and refund Mr J's cancellation charges. He thought that if Mr J's new insurers wouldn't then give him a premium refund, it should refund Mr J the increase in premium he'd paid due to the cancellation on his record. He thought it also should refund Mr J the difference in premium he'd paid, after removal of the cancellation record, in the following year. And he thought Gefion should pay Mr J £100 compensation for his trouble and upset.

Gefion didn't reply to the investigator's view, so the complaint has come to me for a final decision.

my findings

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

Our approach in cases like this is to consider whether the insurer's acted in line with the terms and conditions of the policy and fairly and reasonably.

Gefion has relied on Mr J's policy's cancellation section to cancel his policy. This says that it can cancel the policy, with seven days' notice, if it has good reason, including where it considers a risk unacceptable. It said Mr J had provided changing versions of events regarding the ownership and history of the van. And it said this was sufficient to make the risk unacceptable.

So I've looked to see if Mr J has done as Gefion states and if it has justified its decision to cancel according to the policy terms and conditions.

Gefion was concerned about the gap in the van's cover between January and August 2018. It thought there may be a discrepancy in the date of ownership of the van. The broker asked Mr J to provide an explanation for this.

Mr J explained that he'd wanted to buy the van from his father and so had taken out cover for it. He'd then changed his mind and cancelled the policy. He said the van was insured by his father and then taken off the road (declared SORN) until he bought it in August 2018 and took out new cover for it. So I think Mr J provided a reasonable explanation of the van's ownership.

Gefion thought Mr J was changing his story. But I don't agree. I think Mr J had provided the explanation it had requested. He'd never said that he'd owned the van since January 2018 and then changed the details on the V5 only in September.

Gefion also asked Mr J for all pages of the van's V5 registration document. He said he couldn't send all of this as it was with the DVLA. But he did provide the new owner's slip. Instead of waiting for the full V5, Gefion cancelled the policy.

I don't think this was fair or reasonable. I think Mr J had provided a clear explanation about why he didn't continue with the policy taken out in January 2018. He'd explained what had happened to the van in the interim. He provided the new owner's slip from the V5. I think Gefion could have waited for the full V5 to be provided before deciding to cancel the policy. This would have shown that Mr J owned the van from August 2018.

So I think Gefion hasn't justified its decision to cancel Mr J's policy according to the policy terms and conditions.

I think Gefion should now put things right for Mr J. Having the cancellation on his record has affected his subsequent premiums. So I think Gefion should remove the cancellation marker and refund Mr J the cancellation charges he paid, and make good the consequent increase in his premiums if needed.

Mr J has also said that the new policy taken out after the cancellation was more expensive than Gefion's. He wouldn't have had to take this policy but for Gefion's mistake. So I think it should refund him the extra premium he had to pay. The investigator also recommended that Gefion should pay Mr J £100 compensation for the trouble and upset caused. I think that would be fair and reasonable as it's in keeping with what I'd require in similar circumstances.

my final decision

For the reasons given above, my final decision is that I uphold this complaint. I require Gefion Insurance A/S to do the following:

1. Remove the cancellation marker from Mr J's record and refund him the cancellation charges he paid.
2. If Mr J's subsequent insurers decline to refund him the difference in premium he was charged because of the cancellation, then Gefion should refund this amount to Mr J, on provision of reasonable evidence of the increase in costs.
3. For the policy taken in October 2018, refund any further difference in premium after the recalculation with the cancellation removed, on provision of reasonable evidence.
4. Pay Mr J £100 compensation for the distress and inconvenience caused by the unfair cancellation of his policy.

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

Phillip Berechree
ombudsman