

## **complaint**

Mr G complains about the way Sabre Insurance Company Limited has handled a claim made against him by a third party and that it cancelled his motor insurance policy.

## **background**

Sabre received a letter from a third party alleging that Mr G had been involved in an accident with its vehicle. The only information given was the date of the alleged incident and the registration number of Mr G's vehicle. Sabre confirmed its possible interest but asked for more details of the incident and allegations so it could consider the issue of liability.

Sabre wrote to Mr G asking him to complete an accident report form and send in a copy of his driving licence or to contact its helpline. It sent a follow-up letter a couple of weeks later as it had not received a reply from him.

Mr G responded about a week later saying that he needed full details of the alleged incident in order to provide his reply. Sabre said that all the information it had was the accident date and the vehicle registration number. Mr G was asked to confirm if he had been involved in an accident on the date provided or not.

The third party sent Sabre evidence of its losses. Sabre wrote to Mr G saying it had not received a response to its previous letters to him and unless he contacted it in the next 7 days, the underwriters would be notified of his non-cooperation and his policy may be cancelled. A further copy of this letter was sent to him four days later.

Mr G responded just under a week after that explaining he had been away and he was very upset by the content of Sabre's letters. He confirmed that he suffered no loss or accident on the date provided. He asked Sabre to provide proof of the accident.

Shortly after this the third party wrote to Sabre claiming Mr G reversed from a parking space and collided with its parked vehicle. It confirmed it had been told, by its driver, of the make and colour of Mr G's vehicle. In response Sabre said that it was unwilling to consider the claim or comment on liability because the third party had not provided the vehicle's driver's name.

Sabre subsequently wrote to Mr G to say that, in its view, he had breached the terms and conditions of the policy by failing to immediately report the incident and he had not cooperated with it. Consequently it said it would not indemnify him and his policy would be cancelled.

Mr G is unhappy with the way that Sabre has handled matters and that it cancelled his policy. He says he has been treated appallingly from the start and penalised for an accident he did not have. As a result his no claims bonus has been affected and he cannot get insurance. He has been caused hardship, incurred financial losses and the situation has led to him being unemployable.

Our adjudicator recommended that the complaint should be upheld. In summary he considered that:

- From the available evidence it is fair to say that Mr G should have responded to Sabre's letters in a timely fashion with a simple yes/no answer to the question of whether he had been involved in an accident as alleged. As he eventually said he had not been involved it must be assumed he could easily have replied with the same answer two months earlier.

- Mr G's request for further information was reasonable but receipt of details such as the place and time of the alleged accident was not a legitimate pre-condition for his silence on the matter of his involvement.
- Nevertheless he was not persuaded that Sabre was in a position to deal with the third party claim in any event not so much because of Mr G's non cooperation but chiefly because the third party had not substantiated its own allegations until some months later.
- Even then Sabre was unwilling to consider the third party's claim or comment on liability because the third party had not disclosed the name of the driver of the vehicle. This approach was puzzling as Mr G had told Sabre he was not involved in any accident and it was a case of mistaken identity. After waiting for over two months for Mr G's view of the accident Sabre did not make any use of the information he gave when it came in and in its response to the third party.
- Irrespective of the difficulties Sabre encountered in obtaining information from Mr G, Sabre's position with the third party had not been affected. It rebuffed the claim due to a lack of evidence from the third party. So Sabre's decision to cancel Mr G's policy was disproportionate.
- While Mr G may technically be in breach of the policy terms and conditions by withholding his cooperation for two months until he said he was not involved in the accident, Sabre's position was not damaged as a result. Its cancellation of the policy was on balance an overreaction and unfair.
- As a result of the cancellation Mr G has experienced difficulties in getting insurance and this has affected his employment and social life. This warrants an award of compensation.
- Sabre should refund any unused portion of the policy, plus interest, refund the cancellation charge, deal with the claim (if it is pursued), remove the record of cancellation from its records, and treat Mr G's no claims discount as unaffected if no payment is made on the claim. It should also pay Mr G £100.00 for the distress and inconvenience he has experienced due to the cancellation.

Sabre does not agree and has asked for an ombudsman review. In summary it says that the adjudicator's opinion sends out the wrong signal about the relationship between the consumer and the insurer. Mr G has not met the conditions of the policy because, in its view, he did not respond to correspondence in a timely fashion and communicate in a clear and open manner. It was entitled to cancel the policy and cannot contemplate an on-going relationship with Mr G.

Mr G says he agrees with most of the adjudicator's conclusions. But in summary he complains about the way Sabre has handled the claim, it has penalised him and the proposed compensation is not enough.

### **my findings**

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

Having done so, I agree with the conclusions reached by our adjudicator for broadly the reasons given.

I accept that if, as Mr G suggests, no incident took place he cannot be in breach of the terms of his policy by not reporting it.

Furthermore, although Sabre considers Mr G was labouring under a misconception that it is Sabre's responsibility to provide information to him, I consider his request for more details about the alleged incident was reasonable. But I agree with the adjudicator that this was no excuse for Mr G not responding (until two months later) by giving a simple yes or no answer when it asked, quite reasonably, if he had been involved in an incident on the date alleged. It is clear that Mr G did not co-operate in a timely or appropriate way with Sabre.

But notwithstanding this I do not consider that Sabre was prejudiced in any way by Mr G's lack of co-operation, tardiness in responding or (in Sabre's opinion) "unnecessarily hostile" attitude. The simple fact remains that Sabre did not deal with the third party's claim as a result of the third party not providing the required driver details.

As such I am not persuaded that it was fair or reasonable for Mr G's policy to be cancelled and indemnity for the accident denied.

Mr G has said he should be fully compensated for all his alleged losses and £100 is not enough. But Mr G had a duty to mitigate any losses he suffers. On balance I am not persuaded he has done so in this case. He failed to respond to correspondence and co-operate with Sabre and I consider it most likely that if he had just told Sabre at the outset that he denied being involved in any incident on the alleged date matters would have taken a very different course.

Consequently I consider that the proposed redress proposed by the adjudicator (including an award of £100 compensation for any upset caused by the cancellation of the policy) is fair. Taking account of all the circumstances and the level of awards we make, I do not find it would be fair or reasonable to require Sabre now to pay any more compensation to Mr G.

Overall, I therefore see no compelling reason to change the proposed outcome in this case.

### **my final decision**

My final decision is that I uphold this complaint and I order Sabre Insurance Company Limited, if it has not already done so:

1. To refund to Mr G any unused portion of the policy's premium which he has paid together with interest at the rate of 8% simple per annum from the date of cancellation until the date of settlement;
2. To refund to Mr G any cancellation charge he has paid together with interest at the rate of 8% simple per annum from the date of payment until the date of settlement;
3. To deal with any claim arising from the alleged incident;
4. To remove any record of the cancellation from any internal and/or external databases;

5. To pay Mr G £100 for the distress and inconvenience caused by the cancellation of the policy;  
and
6. In the event of no payment being made on the claim, Mr G's no claims discount should be unaffected.

Stephen Cooper  
**ombudsman**