

complaint

Mr N complains that Tradewise Insurance Company Limited cancelled his motor insurance policy inappropriately.

background

Mr N did not make a claim on his policy following an accident in which he was involved in May 2013, although he did notify Tradewise and instructed solicitors in relation to a personal injury claim against the third party. He made a claim on his policy following another accident a week later and was asked to complete an accident report form (ARF). He was also sent a request for an ARF for the previous accident, although not immediately after reporting it. Tradewise chased Mr N for the ARF form and eventually advised him on 3 July that the policy would be cancelled, barring its receipt.

The policy was cancelled on 10 July in line with the warning letter, following which Mr N said the outstanding ARF had been sent to Tradewise previously. He faxed an incomplete form to it, but a fully completed form was not received by Tradewise until 17 July. It then agreed to the policy's reinstatement, so Mr N cancelled the alternative policy with another insurer, at a cost of £52. Mr N said he had lost business during the period between the cancellation and the setting up of the alternative policy, which he considered to be Tradewise's fault.

Our adjudicator did not uphold the complaint. In his view the communication from Tradewise could have been better, but there was clear evidence that Mr N was advised of the need for the ARF to be returned and the consequences of not providing it to Tradewise. There was no evidence of Mr N responding in time, so the cancellation was fair.

As Mr N disagreed, the complaint was passed to me for review.

my findings

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

I am satisfied that Tradewise made several requests for the ARF and sent the notice of cancellation to Mr N by recorded delivery, also obtaining proof of its receipt by him on 4 July. There is no evidence of a response from Mr N to the correspondence from Tradewise until after the policy was cancelled. It appears that although Mr N says he did submit the ARF in question to Tradewise, he did not check its safe receipt. Given the imminent date of cancellation, I would have expected him to do so, and I note that the faxed ARF he sent to Tradewise after the cancellation was not complete.

I appreciate that in this case there were two incidents which occurred very close together. In my view the correspondence from Tradewise was more confusing than it would otherwise have been, not only because of that but also because Tradewise did refer to the wrong incident in some of its letters. It appears that Mr N may genuinely have considered he had sent all the necessary information to Tradewise. However, as the cancellation of a policy is such a serious matter, and Tradewise did make it clear that cancellation was imminent (both by letter and during a telephone conversation with Mr N) I would have expected him to try to clarify the issue.

In my opinion, Tradewise acted reasonably in cancelling the policy in the circumstances. It also agreed to reinstate it as soon as the fully completed form was received, which it was not required to do in the circumstances, and which was to Mr N's benefit. Tradewise would have been entitled to retain the premium for the cancelled policy, given that there had been a claim on it, and the loss of that premium (at around £800) would have been significant.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr N to accept or reject my decision before 5 December 2014.

Susan Ewins
ombudsman