

complaint

Mr R complains that Calpe Insurance Company Limited cancelled his motor insurance policy wrongly and without giving him due notice after a disputed traffic incident.

background

Mr R told us that after an incident with another driver in February 2018 his broker - on behalf of Calpe - asked him for information, including details of the incident. He said he provided the information on 20 February 2018. He heard nothing further until he got a letter from the broker on 29 March 2018 (dated 23 March 2018) to say his policy would end the next day.

On the same day, Mr R sent an email to the broker querying the cancellation. He then spoke to one of its advisors ("K"). He said she wasn't helpful. He spoke to one of Calpe's managers ("L") on 3 April 2018. She said the policy was still in force, but that Calpe needed more details from Mr R. She said she'd get an investigator to take a statement from him. But on Monday 9 April 2018 he was stopped by the police for driving without insurance.

Mr R called L immediately. She told him the policy was cancelled on 5 April 2018, after he'd spoken to her, because Mr R hadn't co-operated with the claims handler, K. She said the policy couldn't be reinstated. Mr R was later convicted for driving without insurance.

Calpe said it hadn't received any of the details it had asked Mr R for in February 2018 except an accident report form. It said he hadn't co-operated with its engineer or its investigator. It said the broker had said the policy would be cancelled on 30 March 2018. But when Mr R spoke to L, she noted the policy was still in force. Calpe was able to show that the broker issued a letter on 5 April 2018 telling Mr R the policy had been cancelled that day. Calpe said that meant he knew about the cancellation before he was stopped by the police.

Our investigator thought it was reasonable for Calpe to cancel the policy, as Mr R couldn't show that he'd given it all it needed to validate the policy (including the V5 registration document). He accepted that on 23 March 2018 the broker had sent a seven-day notice of cancellation to Mr R. But as Mr R was told on 3 April 2018 that the policy was still valid - and wouldn't be cancelled if he co-operated - the investigator thought another seven-day notice of cancellation should have been issued. He didn't think the letter sent on 5 April 2018 was enough. Mr R said he didn't get it anyway. The investigator upheld the complaint in part.

The investigator noted that Mr R had six penalty points on his licence and said he'd lost two days' work due to having his car seized. Mr R said he had no access to his car for 10 days and had to pay for four taxis a day, plus an expensive insurance policy to retrieve the car. The investigator thought Calpe should pay Mr R's court fine (£811), the police charge for storing and releasing his car (£300), the taxi-fare Mr R paid after his car was seized by the police (£150) plus £1,000 compensation for trouble and upset.

Calpe said Mr R could have taken his car out of storage within five days. And it asked for proof of the charges Mr R had paid. Mr R said he thought at least £10,000 compensation would be fair, given the losses he'd faced, the cost of new insurance and the level of distress caused. The investigator asked him for receipts. He said £10,000 wasn't in line with the sum we thought was fair to compensate for the trouble and upset caused by the issues he'd complained to us about.

Mr R provided a copy of the car's V5 registration document for Calpe but said he wouldn't be providing anything else. He said he'd already given Calpe what it needed. He gave us a copy of an email showing that he'd sent attachments to the broker with an email on 20 February 2018. Mr R said he left the car in police storage for 10 days because he had to take a day off work to collect it, and he couldn't get one until the following week. He said he also struggled to get insurance to do that. Mr R said he'd lost any receipts he'd had.

As there was no agreement, the complaint was passed to me for review. I issued a provisional decision as follows:

Mr R believes that Calpe had no cause to begin the cancellation process, as he complied with its request for documents from the start. He's shown that he sent documents to the broker by email in February 2018. And when he wrote to K on 29 March 2018 to query the cancellation notice, he did so on the back of the earlier email. Unfortunately, it isn't clear what the attachments were. And we don't know what happened to them. The broker and Calpe say they didn't even get the V5 registration document at that point.

For whatever reason, the seven day notice of cancellation that was issued by the broker on 23 March 2019 didn't take effect. Mr K was still waiting for contact from Calpe's investigator - as promised by L on 5 April 2019 - when he was stopped by the police. I agree with our investigator that a further seven day notice of cancellation should have been sent to Mr K. I don't think confirming that the policy had been cancelled was enough. Mr K said he didn't get that letter - sent to him on Thursday, 5 April 2018 - before he was found to be driving without insurance just four days later. Letters can take a few days to arrive, especially if they're sent just before a weekend. So I don't think it's surprising if Mr K didn't get the letter in time.

Mr R had the embarrassment of being stopped by the police and having to argue with Calpe about cover whilst in the police car. He was then left at the roadside on his way to work, many miles away. He had to pay for a long-distance taxi ride and was then without transport for several days. He had to find other insurance - which was more expensive - and pay a fee to get the car out of the police compound. He paid a court fine and has six penalty points on his licence. So I think Mr R was seriously inconvenienced and distressed by what happened

As I don't think Calpe acted reasonably in failing to give Mr R sufficient notice of the cancellation, I think his complaint should be upheld. I think it would be reasonable for Calpe to pay Mr R £500 compensation for distress and inconvenience. And Mr R has produced evidence of the £811 court fine he had to pay, so I think Calpe should reimburse him for that, with interest. Unfortunately he hasn't provided any other receipts.

I don't think there's any doubt that Mr K had to pay to have his car released from the police compound. I think the investigator made a reasonable proposal in asking Calpe to pay the standard charge of £150 for that. Mr R says he had to leave the car at the compound for 10 days and was charged £20 a day. I don't dispute the daily charge, but I don't think Mr R has shown why he couldn't collect the car sooner. Calpe suggested that five days was a reasonable time, and I think that's fair.

There's nothing from Mr R to show that he had to take two full days off work- one after being stopped by the police and the other when collecting his car. So I don't think he can expect to be compensated specifically for that. Mr R hasn't provided evidence of the taxi fares he had to pay either. That applies not only to the initial journey, but also to journeys to and from work. Mr R says he took four taxis a day. He hasn't explained why, but in any event, I don't think it would be reasonable to ask Calpe for pay for taxi fares without receipts.

It may be possible for Mr R to get a note from the taxi firm to show what it charged for his long journey to work on 9 March 2018. Failing that, the firm may be able to provide a note showing the standard charge for the mileage in question that we could then consider.

Mr R hasn't provided any evidence of the short term policy he bought to retrieve the car or the increased premium he's paying due to the conviction. Undoubtedly his premium will have risen, and the financial impact of the conviction is likely to last for five years. But it's up to Mr R to decide whether to provide details of his new premium to us. He'd also have to ask his new insurer to say what he would have paid for the policy without the conviction. We may then be able to require Calpe to compensate him.

I'm not suggesting that Mr R hasn't run up all of the costs referred to above. But I think it would be unreasonable for Calpe to pay for most of them without receipts - or some other form of evidence. So the costs I can consider requiring Calpe to pay are limited at this stage.

I asked the parties to comment on my provisional findings. Calpe accepted them. Mr R sent us a certificate of motor insurance he'd taken out with another insurer on 13 April 2018.

my findings

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

There are no new comments from either of the parties to take into account. Mr R hasn't provided any extra evidence of his expenses, despite being given extra time to do so. The certificate of insurance he provided only shows that he took out insurance on the date stated on it. Without evidence of what he paid, it isn't helpful.

As I don't have any further information to consider, I don't think there's any reason to depart from the findings and recommendations set out in my provisional view.

my final decision

My final decision is that I uphold this complaint. I require Calpe Insurance Company to do the following:

- Pay Mr R £500 compensation for distress and inconvenience
- Refund Mr R £811 for the court charge
- Refund Mr R £250 for the police compound release charge and five days storage
- Add interest to the two refunds above at the simple yearly rate of 8%, from the date of payment to the date of settlement

If Calpe thinks it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Mr R how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax if appropriate.

Under the rules of the Financial Ombudsman Service, I must ask Mr R to accept or reject my decision by 8 November 2019.

Susan Ewins
Ombudsman

