

complaint

Mr H complains that Tradewise Insurance Company Limited unfairly cancelled his motor insurance policy.

background

Mr H was involved in a road traffic accident which was reported to his insurer Tradewise some time later by the third party. Tradewise wrote and spoke to Mr H on a number of occasions asking him to provide an accident report form ("ARF") but he did not do so. It then sent him two letters by recorded delivery. The first asked for the ARF and warned if it was not provided the policy would be cancelled. The second said that as he had not provided the ARF the policy was being cancelled in seven days' time even if he now sent it in. Mr H sent the ARF in but it arrived only a few days before the policy was cancelled. The policy was cancelled and a letter sent to Mr H's broker confirming the cancellation. Mr H's son, a named driver on the policy, was subsequently stopped by the police for driving without insurance.

Mr H says that Tradewise had no right to cancel the policy as he had sent in the ARF before the policy was cancelled and he cannot now get insurance elsewhere as a result. He also complains that Tradewise did not provide proof of his no claims discount when asked to do so.

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

- Mr H had been given numerous opportunities to provide the ARF but did not do so until the very last moment.
- Tradewise's two recorded delivery letters (which Mr H had received) had made it clear that unless the ARF was provided the policy would be cancelled and the second said clearly that the policy was being cancelled even if Mr H then returned the ARF. So Mr H was fully aware that Tradewise intended to cancel the policy.
- As such, and even though Mr H sent in a partly completed ARF just before the cancellation date, Tradewise was entitled to cancel the policy.
- But we take the view that, although there is no legal or contractual requirement to do so, it is good practice for an insurer to write to its policyholder to confirm that a policy has actually been cancelled. In this case although Tradewise had written to Mr H's broker to confirm the policy's cancellation it did not write to him as we consider it ought to have done. He recommended that Mr H should be paid £300 compensation for this.
- Tradewise had however supplied details of Mr H's no claims discount to him by email when asked.

Mr H does not agree and says the proposed compensation is not enough. His insurance premiums have increased substantially as a result of his policy being cancelled by Tradewise. It has also been confirmed that Mr H's son is not apparently being pursued by the police as a result of being stopped for driving without insurance.

Tradewise does not agree entirely with the adjudicator. But it says it appreciates the adjudicator's comment that the cancellation notice should have been followed up. It says that in the interests of resolving the matter it is prepared to agree compensation at £150 as it regards £300 as excessive given all the circumstances. It says it will also issue a letter detailing the circumstances to Mr H's son if he should receive notification of intent to prosecute.

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.

Furthermore, Tradewise has accepted that it would have been good practice for it to have written to Mr H to confirm that the motor insurance policy had been cancelled. So all that remains is for me to consider what an appropriate award of compensation is in this case.

Our adjudicator recommended a payment of £300 compensation. Taking account of all the individual circumstances in this case – including the facts that Mr H had numerous opportunities to provide the ARF before he did so and that it was Mr H's son and not Mr H who was inconvenienced by being stopped by the police - and the modest level of award we make I consider that £300 compensation is fair and reasonable. I do not consider that Tradewise should be required to compensate Mr H for his increased premiums arising from the cancellation as Tradewise was entitled in all the circumstances to cancel his policy.

I also note that Tradewise has also offered to issue a letter detailing the circumstances to Mr H's son if he should receive notification of intent to prosecute. I consider that is reasonable.

My role as an ombudsman is to consider the individual complaint and decide whether something has gone wrong. But a court may take a different view of the situation. Should Mr H not accept my final decision then any rights he may have to take action in the courts against Tradewise are unaffected and he will be free to pursue his arguments in any court action that may arise, if he so wishes.

my final decision

My final decision is that I partly uphold this complaint and in full and final settlement of it I order Tradewise Insurance Company Limited to pay Mr H the sum of £300.

Stephen Cooper
ombudsman