

complaint

Mr V complains that Tradewise Insurance Company Limited acted unreasonably in cancelling his taxi fleet insurance policy.

background

On 28 February 2013, Tradewise received a report from a third party of an accident involving one of Mr V's taxis. According to the third party, Mr V's driver had opened the door of their car into the third party's vehicle as it was passing.

Tradewise tried to contact Mr V and then sent a letter asking him to complete an accident report form. It says it then heard nothing and wrote to him again on 12 March 2013 to chase this.

Tradewise received no response and on 28 March 2013, sent a letter giving seven days' notice that the policy would be cancelled if the accident report was not received. This letter was sent by recorded delivery on 4 April 2013, and the policy was cancelled on 22 April 2013.

Having still had no response from Mr V, Tradewise's engineer authorised repairs to the third party vehicle to go ahead on 26 April 2013. £2,286.21 was paid for the third party's repairs.

Mr V says he called Tradewise to report the claim on 1 March 2013. He accepts receiving Tradewise's letters and says he sent back the report forms, one to Tradewise and one to his broker. He maintains that the damage to the third party vehicle was minimal and was the third party's fault.

He acknowledges that Tradewise sent a recorded delivery letter, but says that he did not sign for it and that he had no knowledge of the cancellation.

Mr V brought his complaint to this service. He would like his policy re-instated, together with compensation. He is also concerned that Tradewise paid too much for the third party claim, and that his proof of no claims bonus ('NCB') was withheld.

The adjudicator recommended that the complaint should not be upheld. He considered Tradewise had shown it had made appropriate efforts to contact Mr V about the claim, and was satisfied it had acted reasonably in cancelling the policy. He also considered its decision to settle the third party claim as it did was reasonable. He noted that Tradewise did not need to refund any premium paid after the cancellation, as there had been a claim paid under the policy which meant it was entitled to the full premium for the policy year.

Mr V disagreed with the adjudicator.

The matter has therefore been referred to me to decide.

my findings

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

The policy allows Tradewise to cancel the policy by giving seven days' notice in writing to the policyholder's last known address. I am satisfied on the evidence that Tradewise gave the required notice, and that it did not in any case cancel the policy until more than seven days after the letter was sent.

Mr V says he did not sign for the letter and so did not know about the cancellation. However, a copy of the signed acknowledgement of receipt of the letter has been provided. The signature is that of a person with the same surname as Mr V. I assume that is a family member. Even if that person did not pass on the letter to Mr V, I am satisfied that it was sent and delivered to Mr V at the correct address. I do not consider that Tradewise can reasonably be held responsible for the fact that Mr V himself may not have received it.

There is no requirement in the policy that Tradewise should give a reason for the cancellation, however it is still required to act reasonably in taking this step. In this case, Tradewise did advise Mr V that it would cancel if it did not receive the completed accident report form from him. I also note that Tradewise refers in its final response to Mr V's complaint that it had experienced a similar problem in the past in obtaining an accident report form from him after a previous incident. As Tradewise was dealing with a claim from the third party, it is not unreasonable that it should seek Mr V's evidence and input on the circumstances of the accident, in order that it might appropriately defend the claim. As this was not forthcoming, I do not consider it was unreasonable for Tradewise to have proceeded with the cancellation.

I appreciate Mr V says he sent copies of the report form in response to Tradewise's previous enquiries, but I have not seen any proof of this. I note that the policy also requires that incidents and claims be reported promptly, and while Mr V says he did that, I have seen no evidence to confirm that either. Tradewise's system notes suggest Mr V did not report the claim on 1 March 2013 as he said he did.

I am satisfied that without contact from Mr V about the third party claim, Tradewise was not in a strong position to refute or defend it. As the claim could not be ignored, Tradewise instructed an independent engineer to check the vehicle damage was consistent with the alleged accident and to agree a reasonable repair cost. Mr V has not provided any persuasive evidence that the amount paid was unreasonable. Based on the information available to it, Tradewise settled the claim. I note that the policy does allow Tradewise to take over, defend and settle any claim. In doing so it will have regard to the likely prospects of success, and issues of cost. In this case, I have seen nothing to suggest to me that Tradewise acted unreasonably in settling the claim as it did.

The policy states that no premium will be returned after cancellation if a claim has been paid on the policy, and this is the usual position. The policyholder pays the annual premium in return for the insurer covering the risk of a claim. As Tradewise acted reasonably in paying the third party claim, it is entitled to the full premium to reflect this. Tradewise has said it will not issue proof of NCD until Mr V has paid the outstanding premium, which under the circumstances is not entirely unreasonable. However, I understand that this may now have been requested by Mr V's broker, and that it may be provided, although the outstanding premium will still be required to be paid.

my final decision

For the reason above, it is my final decision that I do not uphold this complaint.

I make no award against Tradewise Insurance Company Limited.

Helen Moya
ombudsman