

## **complaint**

Mr K has complained about the amount Highway Insurance Company Limited charged him when he cancelled his specialist vehicle insurance policy.

Mr K bought his policy through a broker but in this decision I'm only looking at the actions of the insurer – Highway.

## **background**

Mr K had a motorhome which he sold. So he cancelled his policy about three months after he'd renewed it. Highway kept most of his premium. Mr K thought that was unfair and brought his complaint to us. The adjudicator thought that Highway had dealt with Mr K fairly. Mr K didn't agree and asked for an ombudsman's decision.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I'm not going to uphold it.

Mr K thinks it's unfair that he only insured his motorhome for less than four months but Highway kept most of his premium. Where the policyholder cancels their policy without making a claim I would usually expect insurers to refund premiums on a pro rata basis. But there are exceptions to that. And that includes where an insurer can show that the risk of the cover its offering is loaded towards short periods of the policy.

Highway said that the policy is designed for specialist vehicles which are usually only used for short periods in the year and generally over a couple of months. And it's designed its policy so its premiums and refund reflect that the insured vehicles are more at risk for a short period. And it's clearly set this out in its policy document with a table showing the refund payable depending upon length of time on cover.

So, while I can understand Mr K's frustration, I think Highway's shown that the risk it carries is higher over a short period. And, as I think it's provided a valid reason for using short term rates, which are clear within the policy terms and conditions, I don't think Highway's done anything wrong.

## **my final decision**

For the reasons set out above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 12 June 2017.

Joe Scott  
**ombudsman**