

## **The complaint**

Mr Y complains that Calpe Insurance Company Limited (Calpe) unfairly cancelled his motor insurance policy.

## **What happened**

Mr Y contacted his insurance broker in June 2021 to query what cover his policy provided when driving in Europe as well as in Turkey. As a result of his query, he says Calpe cancelled his policy. He didn't think this was fair. In addition to not being insured he says he lost one years no-claims bonus, which increased the cost of subsequent insurance cover. Mr Y says he paid premiums that were unused and would like a refund.

In its final complaint response Calpe says Mr Y contacted his broker to request a Green Card as he intended driving to Turkey. It says Turkey isn't an EU member and cover isn't provided by his policy. It also refers to the endorsements within Mr Y's terms and conditions. These say trips abroad are limited to a period of 30 days up to a maximum of 90 days per policy period.

Calpe says that as Mr Y intended removing his vehicle from the countries applicable, and for a period in excess of the permitted timescales, it is entitled to cancel the policy. It refers to its policy terms that say the right to cancel can be invoked where there is a known breach of any policy term or endorsement that presents an unacceptable risk to the underwriters. Calpe says it contacted Mr Y to confirm his policy would cancel on 23 June 2023.

Mr Y didn't think he'd been treated fairly and referred the matter to our service. Our investigator didn't uphold his complaint. She says Mr Y intended to breach his policy terms by driving to Turkey, though Europe for the period he stated. Calpe had the right to rely on its policy terms to cancel his policy as a result. She says Mr Y has received a letter confirming he had one years no-claims in place. But it's for his current insurer to consider any refund that may be due.

In a subsequent response our investigator clarified that Mr Y's policy doesn't provide a premium refund where cancellation occurs after eight months has elapsed. This meant Mr Y wasn't due a refund.

Mr Y didn't agree with this outcome and asked for an ombudsman to consider his complaint.

It has been passed to me to decide.

## **What I've decided – and why**

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 upholding Mr Y's complaint. Let me explain.

I've read the webchat between Mr Y and his insurance broker. Mr Y begins by saying he's driving from the UK to Turkey and asks for a green card. He asks if there is a limitation for

the total time he can be abroad. The agent tells him he's covered on a third-party only basis in the EU and cannot travel for more than 30 days at a time. Mr Y queries this as he thought all insurance policies covered three months driving in Europe.

In response to Mr Y's comment, the agent says that trips to the EU are on a temporary basis, and he isn't covered for travel lasting longer than 30 days at a time. The discussion continued as Mr Y felt his policy allowed a longer period.

Mr Y tells his broker that he intends staying in the EU for four days and then Turkey for 90 days. The agent makes a mistake and says Turkey is in the EU, which Mr Y corrects. The agent then says cover isn't provided to drive in Turkey if it isn't in the EU.

The webchat continues with Mr Y telling his broker that he doesn't need cover whilst in Turkey. He needs cover driving to, and then back from Turkey, having stayed in the country for 90 days. The agent asks which countries Mr Y will be driving through and tells him it will need to tell his insurer. The agent then recaps to Mr Y that he will be travelling for 3 to 4 days through Europe, staying out of the UK for a total of 90 days, and travelling back over 3 to 4 days. Mr Y agrees, and again asks for a green card.

In the webchat Mr Y's broker asks him if he has separate cover for when he's in Turkey. He says he has third-party cover, and this is with a different insurer. The agent says he's emailed Mr Y's insurer to check if cover is available and that a response is expected within the next seven days.

I can see that a letter was sent to Mr Y on 16 June 2021 confirming his policy would cancel in seven days. This was sent to the address we have on file for Mr Y. The policy subsequently cancelled on 28 June.

I've thought about Mr Y's comments that Calpe cancelled his policy solely based on him raising a query. I don't agree that this is what happened. I think Mr Y had a clear intention to drive his car through Europe, to Turkey, and expected to be out of the country for 90 days.

The following policy term is of relevance here:

*"Cancellation/Cooling Off Period*

*We, the Underwriters or Your broker have the right to cancel Your Policy at any time by giving You seven days' notice in writing where there is an exceptional or valid reason for doing so. The cancellation letter will be sent to the latest address We have for You and will set out the reason for cancellation. Exceptional or valid reasons may include but are not limited to:*

*(vi) Where We believe that continuing to provide cover following a known breach of any Policy Term, condition, or Endorsement presents an unacceptable risk to the Underwriters."*

The breach Calpe has referred to is Mr Y's intention to take his car out of the UK for a period greater than 30 days. Endorsement, "02 - Territorial Extension" says minimum cover is provided for the use of Mr Y's car in the EU plus a list of ten further countries. Turkey isn't in this list. It also says cover is limited to trips of no more than 30 days up to a maximum of 90 days per policy period. Endorsement, "04 Comprehensive Cover Abroad" also says cover is limited to trips of no more than 30 day up to a maximum of 90 days per policy period.

I understand Mr Y's view that he was only querying what cover was available. But I think it's clear that he intended to go on this trip, which means the intention was there to breach his

policy terms. I think it was correct that his broker referred the matter to his insurer. It has relied on its policy terms to cancel his policy. I think it was within its rights to do so, as Mr Y did clearly intend on breaching the travel limits applicable to his policy.

I can see that Mr Y has been provided with a letter confirming his no-claims bonus. As our investigator said, its for his current insurer to consider any premium refund that is due. So, I can't ask Calpe to do any more in relation to this point.

I note Mr Y's frustration that it took until January 2023 to provide a response to this part of his complaint. I'm sorry that Mr Y was frustrated. But I can't see that he complained to Calpe until after he referred the matter to our service. We contacted it in November 2022, following which it investigated the complaint and sent Mr Y its response.

I've thought about Mr Y's view that some of his premium payments went unused. I've looked at the cancellation section of his policy terms. This sets out what refunds can be expected when a policy is cancelled early. It says there will be no refund after the policy has been on cover for eight months. At the time of cancellation Mr Y's policy had been on cover longer than eight months, so no refund was due.

Having considered all of this, I don't think Calpe treated Mr Y unfairly when relying on its policy terms and cancelling his policy for the reasons it gave. So, I can't reasonably ask it to do anymore.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 16 November 2023.

Mike Waldron  
**Ombudsman**