

## **The complaint**

Ms W complains Advantage Insurance Company Limited (Advantage) unfairly cancelled her motor insurance policy.

Advantage are the underwriters of this policy i.e. the insurer. Part of this complaint concerns the actions of the intermediary. As Advantage accepted it is accountable for the actions of the intermediary, in my decision, any reference to Advantage includes the actions of the intermediary.

## **What happened**

Ms W allowed a friend to drive her car when she came home from a hospital appointment under the belief that her friend was insured to drive the car by her own motor insurance policy.

The car was stopped by the police for a random spot check, and it was found the driver was not insured to drive Ms W's car. The police allowed Ms W to organise temporary cover for her friend for the onward journey whilst at the roadside, and then allowed them on their way.

Advantage cancelled Ms W's policy when it was made aware she had allowed an uninsured driver to drive her car.

Ms W said as this was a genuine mistake she wanted the cancellation removing from her record. She said due to the cancellation her insurance premiums had increased.

As Ms W was not happy with Advantage she brought the complaint to our service.

Our investigator upheld the complaint. They looked into the case and said this was a careless error by Ms W and it had not caused Advantage any detriment or increased risk in the future. They said Ms W had been caused financial detriment and therefore Advantage should remove the cancellation from insurance databases, reimburse her the difference she had to pay for a new policy and pay £300 compensation for distress and inconvenience.

As Advantage is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

## ***What I provisionally said***

*When Ms W 's car was stopped by the police it was for a random roadside stop, the car had not been involved in any incident relating to her car or that of a third-party.*

*When the police checked the details of Ms W's friend who was driving the car it was found she was not covered by her own motor insurance policy to drive another car as she had thought she was. Ms W immediately called Advantage to add her as a driver on her own policy.*

*I saw that Advantage was called by the Motor Insurance Bureau (MIB) to check the driver of Ms W's car was covered by the policy. Advantage confirmed that the driver had been added shortly after the police had undertaken the roadside stop. Advantage told the MIB representative that it would be issuing a seven-day cancellation notice for Ms W's policy.*

*In this case there was no incident, and no charges were brought against Ms W by the police. And there was no claim on her motor insurance policy.*

*I saw Advantage said in correspondence to Ms W that it appreciated she had made a genuine mistake. But it cancelled her policy as it was her responsibility to check documents to ensure any driver of her vehicle was fully covered.*

*I have no reason to doubt that assuming her friend had her own cover to drive her car was a genuine mistake by Ms W. I agree it is her responsibility to check she was fully covered but I think her accepting her friend's confirmation and assurance that she was covered was understandable. Evidence from the friend who was driving confirms she thought she was covered under her own fully comprehensive policy and that she had reassured Ms W of this. And as soon as it was found cover was required through her own policy Ms W obtained it.*

*In this case Ms W's genuine mistake did not result in any claim being made on her policy and therefore there was no loss to Advantage. I have not seen any evidence that Advantage discussed the cancellation with Ms W before issuing the seven-day cancellation.*

*Cancelling a policy can have a significant impact as policy cancellations are often taken into account when offering insurance and calculating premiums. It's likely the cost of future policies will be higher if an insurer or broker has cancelled a policy.*

*Ms W has had to disclose she's had a motor insurance policy cancelled. This has meant a large increase in cost for cover. There isn't a time limit on how long she might have to declare the cancelled policy, as insurers will often ask if the consumer has ever had a policy cancelled.*

*Although a mistake was made by Ms W when she allowed her friend to drive her car without cover being in place, I do not think the consequences of her policy being cancelled is fair in the circumstances of this case.*

*Therefore, I intend uphold Ms W's complaint and intend to require Advantage to remove its cancellation of her policy from any internal and external records. This will mean Ms W will no longer need to declare a cancelled policy. However I cannot hold Advantage responsible for any distress caused due to Ms W's own error. And I cannot fairly ask it to pay compensation for a mistake that was hers.*

## **Responses to my provisional decision**

Ms W responded and said

- She understand why I considered Advantage should not pay compensation for distress and inconvenience that was caused by her own error, but she said she also experienced distress and inconvenience solely caused by Advantage when it cancelled her policy and she has been worried about managing higher premiums long term.
- I had not made specific reference to reimbursement of the difference in the cost of her new policy and the cancelled policy – minus any premiums refunded.

Advantage did not respond.

## **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.

### ***In response to Ms W's comments***

- It was Ms W's mistake that caused the cancellation of her policy. The ongoing consequences of cancellation due to her genuine mistake are what I think is unfair in the circumstances of this case.
- After Advantage has updated any cancellation by itself on Ms W's record she will be able to update her current motor insurance policy provider. This may result in recalculation of her premium. But I do not require Advantage to make any reimbursement.

Based on the evidence I've reviewed; I maintain my provisional decision and I uphold Ms W's complaint.

### **My final decision**

For the reasons I have given I uphold this complaint.

I require Advantage Insurance Company Limited to remove its cancellation of Ms W's policy from any internal and external records.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 12 January 2024.

Sally-Ann Harding  
**Ombudsman**