

## **The complaint**

Mrs R complains that Ageas Insurance Limited cancelled her car insurance policy without giving her sufficient warning.

## **What happened**

Mrs R had car insurance underwritten by Ageas, which she took out on-line in April 2023.

As part of the application process, Mrs R declared that she'd made a claim to her previous insurer in November 2022 after a third party driver hit her car whilst it was parked in her driveway.

The third party accepted responsibility at the time. And Mrs R's insurer had paid for repairs to her car. So, Mrs R assumed the claim had been closed as non-fault – which is what she said in her on-line application to Ageas.

The previous insurer didn't tell Mrs R that in fact they'd not yet been able to recover costs from the third party insurer and so the claim remained open.

Ageas carried out checks on the Claims & Underwriting Exchange (CUE) database a few days after the policy was purchased. They saw that the claim was still open and so should have been regarded as a fault claim (insurers generally record claims as fault claims when they can't recover their costs from a third party).

Ageas re-calculated the premium based on that new information and determined that Mrs R owed them around £80.

When Mrs R bought the policy, she hadn't chosen to change the default preferred means of communication – which was via her account on Ageas' on-line portal.

So, Ageas added a new document to the portal account – a letter explaining the position and asking Mrs R to pay the additional premium.

The letter – dated 18 April 2023 – says that Mrs R can either pay the extra premium, or provide evidence that the CUE record was wrong, or cancel her policy herself. It also says Ageas will cancel the policy if they hear nothing from Mrs R within 14 days.

Ageas also sent an email to Mrs R to tell her there were new documents on the portal account that she should review. Ageas tell us that they attached a copy of the letter to that email, to save Mrs R the trouble of logging into the portal account.

When they got no response, Ageas sent another email (with the letter attached) on 25 April 2023. This repeated the earlier message and said Ageas would cancel the policy if they didn't hear from Mrs R within 7 days.

When they hadn't heard from Mrs R, Ageas cancelled the policy on 9 May 2023, backdated to 3 May 2023 (the date they'd originally said they'd cancel). Mrs R says she realised the policy had been cancelled when she saw the refunded premiums land in her bank account.

Mrs R complained to Ageas. She said one of the emails went straight to the junk folder in her email inbox. She'd received the other, but the email heading – "*you have new documents to review*" – didn't indicate the urgency or importance of the matter. She said she'd assumed it was simply a notification that more policy documents had been added to her account on the portal after she bought the policy.

Mrs R also pointed out that she'd had to take out insurance elsewhere - and that it had cost around £400 more because of the cancellation. She was concerned that the cancellation record would continue to have a similar effect on future annual policies, given that she was now obliged to declare that she'd had a policy cancelled.

Ageas said they'd done nothing wrong. They had informed Mrs R in good time – and twice – about the fact they'd cancel her policy if they didn't hear from her. And they'd used her preferred method of communication to tell her that.

Mrs R wasn't happy with this outcome, so she brought her complaint to us. Our investigator looked into and didn't think Ageas had done anything wrong.

She noted that industry best practice was to use two different methods of communication when notifying customers about impending (or completed) policy cancellations. And she thought Ageas had done that by placing the letters on the on-line portal *and* sending them by email.

Mrs R disagreed and asked for a final decision from an ombudsman.

Because I disagreed with our investigator's proposed outcome, I issued a provisional decision. That allowed both Mrs R and Ageas the chance to provide any further information or evidence and/or to comment on my thinking before I make my final decision in this case.

### **My provisional decision**

In my provisional decision, I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

There's no real dispute about the facts of this case. Mrs R provided information when buying her policy that she thought – in good faith and for good reason – was accurate. In fact, it wasn't.

But Ageas – perfectly reasonably - seem to have recognised that in these particular circumstances that wasn't Mrs R's fault. And all they wanted her to do was pay the relatively small extra premium owed on the policy.

It's also fairly clear what happened with the communication around that. Ageas added letters to the portal, clearly warning Mrs R about the consequences (cancellation) if she didn't get back to them. They also sent those letters by email to Mrs R.

One of those emails appears to have gone to Mrs R's junk folder. The other, she admits she saw – before the policy was cancelled and with sufficient time for her to contact Ageas and make the extra payment or cancel the policy herself.

Mrs R clearly didn't open the email – or if she did, she didn't read it. If she had, I'm convinced she would have contacted Ageas immediately. From the phone calls she

made to Ageas afterwards, it's obvious that Mrs R fully understands the very serious implications of having a policy cancelled. I don't believe she would have knowingly allowed that to happen.

At the Financial Ombudsman Service, we take that view that insurers need to be careful when cancelling car insurance policies. That's because there are potentially very serious implications for drivers. They might unknowingly drive without insurance if they're not aware their policy has been cancelled. And having a policy cancelled has significant consequences in terms of future premiums.

So, we think it's best practice for insurers to use two means of communication when they notify a customer about cancellation - or possible future cancellation - of a policy.

In some very limited cases, we might think it's fair to use only one method of communication. But only if the insurer made it clear to the policyholder before purchasing the policy that's what would happen and if the policy terms are clear that's what will happen.

I can't see any evidence or information currently to suggest that's what Ageas did in this particular case. Of course, if they did make it clear to Mrs R that they'd send cancellation (and potential cancellation) notifications only by email, Ageas can provide evidence of that in their response to this provisional decision.

Putting documents onto an on-line portal is not in itself a means of communicating something important to a policyholder. Unless the policyholder checks the portal with some regularity (which is unlikely) on the off-chance that there's a letter waiting there for them, there's no way the policyholder would be aware of the communication.

I assume that's why Ageas send emails to tell the policyholder that something has been added to their account on the portal. As they did in this case when they emailed Mrs R twice (on 18 and 25 April 2023).

So, it appears to me that in this case, Ageas have used one method of communication (email) to inform Mrs R that they would cancel her policy if they didn't hear from her.

A second method of communication might have been a postal letter, a text or a phone call. I can't see that Ageas have used any of these methods – or indeed any other means of communication – in addition to their two emails.

Ageas told Mrs R they don't use the phone to communicate about this kind of policy. That's entirely up to them. And they said they only send letters by post if the customer requests it. Again, that's entirely up to them.

However, in our view, what they must do, in order to be fair to their customers, is to send communications about policy cancellation (confirmations and/or warnings) by two different means.

They can choose how they do that (and can choose not to phone, for example) but they can't escape the obligation to do it altogether because they don't like / use any means other than email (unless they make that clear up front, as I've outlined above).

Mrs R says she didn't look in detail at the email she did receive to her inbox. I've seen a screenshot of that email in the inbox. As Mrs R says, it simply tells her there

are documents to review through the portal. It might not be entirely wise to ignore such emails, but there is no indication in the title of the email that it's something urgent or important.

The reason we think it's good practice to use two means of communication for very important messages like these is because it provides a safety net if something goes wrong with the single means of communication. And it seems to me that's exactly what happened here. The email – as it was – didn't prompt Mrs R to take immediate action.

For that reason, I'm minded as things stand – and unless I receive any further information or evidence to change my mind in response to this provisional decision – to uphold Mrs R's complaint.

If I do uphold the complaint, I'm also minded to require Ageas to remove any record (on their own or any shared databases – including the Motor Insurance Bureau database) of the cancellation of the policy by them (Ageas).

I'm also minded to require Ageas to reimburse any cancellation or other fees charged to Mrs R when the policy was cancelled.

Mrs R's new insurer should be willing to consider amending her current annual premium to reflect the fact that the cancellation by Ageas was an error. I'd expect Ageas to provide confirmation of their error to the new insurer if that proves necessary.

Finally, I'm minded to require Ageas to pay Mrs R £250 in compensation for her trouble and upset caused by their error / omission in this case.

It's clear from listening to the phone calls in this case that Mrs R was extremely upset – and understandably so - at the position she found herself in, through no real fault of her own and primarily because someone had driven their car into hers whilst it was on her driveway. And her upset was exacerbated by Ageas' response to the situation – which was essentially, “our processes say no”.

She's also had the worry that her car insurance premiums would be much higher than they would otherwise be in future, again because of Ageas' decision to cancel her policy and not to reverse that cancellation when the circumstances became clear.

I'm satisfied that £250 is fair and reasonable compensation for the degree of trouble and upset suffered by Mrs R as a result of Ageas' handling of this matter.”

So, for those reasons, I said I was minded to uphold the complaint. And to require Ageas to remove any record of the cancellation, reimburse any cancellation fees they'd charged, and pay Mrs R £250 in compensation.

### **The responses to my provisional decision**

Mrs R didn't respond to my provisional decision within the deadline that we set. I assume that may be because she agrees with it.

Ageas responded only to say that they had nothing more to add.

### **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.

Neither party has given me any reason to question the proposed outcome set out in my provisional decision. There's no further information or evidence for me to consider, nor any further comments on my thinking.

Nonetheless, I have reviewed the case again in full. But I can see no reason to change my mind about the outcome. So, I will be upholding Mrs R's complaint.

### **Putting things right**

For the same reasons, I have no reason to change my mind about what Ageas need to do to put things right for Mrs R.

I remain of the view that Ageas must remove any record of the cancellation, reimburse any cancellation fees and pay Mrs R £250 in compensation.

### **My final decision**

For the reasons set out above and in my provisional decision, I uphold Mrs R's complaint.

Ageas Insurance Limited must:

- remove any record of the cancellation from their own or any shared databases;
- reimburse Mrs R any cancellation of other fees charged when the policy was cancelled; and
- pay Mrs R £250 in compensation for her trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 30 January 2024.

Neil Marshall  
**Ombudsman**