

The complaint

Ms S complains about cancellation of her motor insurance policy by her insurer, Spitfire Insurance Company Limited (Spitfire).

References to Spitfire in this decision include their agents.

What happened

Mr G took out a motor insurance policy with Spitfire through a comparison website in June 2022. A couple of months later she received a text message asking her to phone them. But Ms S thought the message could be fraudulent, thinking if Spitfire wanted her to contact them they would phone, email or text her saying what it was they wanted to discuss.

A few weeks later, Ms S received another text message from Spitfire saying she had an important letter from them with a link. When she opened the link she found a letter saying her policy had been cancelled and she owed them money. Ms S rang Spitfire to say she hadn't cancelled the policy and she still needed insurance.

Spitfire said they'd sent her several emails requesting further information about her no claims discount (NCD) and previous claims history. Ms S said she hadn't received any emails. Spitfire said they'd also sent her text messages asking her to check her emails – but Ms S said she hadn't received any text messages asking her to do this. Ms S checked her text messages and didn't have the messages (though she found other messages they'd sent). Ms S told Spitfire her email address, but they said it didn't match the one in their records. She asked why Spitfire didn't text, write, or phone her telling her they were going to cancel the policy. Spitfire said that wasn't their practice.

Spitfire said they didn't think Ms S had the level of NCD she'd put down and she'd not declared two previous claims (she said the accidents were when her son was driving under her policy – not her accidents). But Spitfire refused to reinstate her cancelled policy and advised she would be charged £133.01 (including a cancellation fee of £75).

Unhappy at what had happened, Ms S complained to Spitfire, but they didn't uphold the complaint. In their final response they said they'd tried to contact Ms S about her NCD and claims history in August 2022, including text messages asking her to check her emails. They'd made the request about NCD and claims history as they'd found the two claims (Ms S hadn't declared them when taking out the policy). Due to this (and the consequent need to revise her NCD) Spitfire said they'd emailed Ms S (September 2022) advising an additional premium was due under the policy. And that if the additional premium wasn't paid, the policy would be cancelled. As Ms S hadn't contacted them, they'd cancelled the policy. Spitfire acknowledged there was an error in the email address they had for Ms S in their records but said it was the address entered on the comparison website she used to take out the policy (the details would have been carried over to Spitfire's systems when setting up the policy). So, they hadn't made an error with the email address. As an online insurer they communicated with policyholders via text message and email (to request documentation to validate information provided when a consumer took out a policy). And it was the consumer's responsibility to ensure their contact details (including email address) were correct.

Spitfire said they couldn't reinstate Ms S's policy, but as a goodwill gesture (as the original email address was incorrect) they said they would waive the £75 cancellation fee. That left a balance of £58.01 (the additional premium for the time on cover).

Ms S then complained to this service. She was unhappy at what had happened and having her policy cancelled. She'd had to make an extra payment of £58.01 and because she'd had to declare she'd had insurance cancelled, she'd had to pay £1,300 more to take out a new policy. She wanted record of the cancellation to be removed and the £58.01 refunded.

Our investigator didn't uphold the complaint, concluding there wasn't any action for Spitfire to take. Ms S input an incorrect email address on the comparison website, which meant Spitfire sent emails to the incorrect address. While recognising Ms S had difficulty recognising text, it was her responsibility to ensure information she'd provided was correct. If she had any concerns about the accuracy of information supplied, she could have phoned Spitfire to check. The investigator noted Spitfire had sent several notifications to Ms S through different media, which is what she'd expect in the circumstances. And Spitfire had acted reasonably in waiving the £75 cancellation fee.

Ms S disagreed with the investigator's view and asked that an ombudsman review the complaint. She said Spitfire could (when the emails they sent bounced back) have sent a text message, letter or phoned her to tell her they needed additional information (or they would cancel the policy).

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.

My role here is to decide whether Spitfire have acted fairly towards Ms S.

The key issue in Ms S's complaint is whether Spitfire acted fairly in cancelling the policy. Ms S says they should have contacted her through other means to tell her they required additional information (or the policy would be cancelled). Spitfire say they aren't responsible for Ms S providing an incorrect email address and they also tried to contact her through other media (text messages). So, they acted fairly in cancelling the policy.

In considering the issue, I've looked at the sequence of events from the point Spitfire tried to contact Ms S to ask about her NCD and claims history. While it isn't part of this complaint, from what Ms S and Spitfire have said, it seems reasonable for Spitfire to have wanted to validate the information on her NCD and claims history, given the two claims Ms S acknowledges were made previously under her policy (when her son was driving). I've also noted the Statement of Fact based on information provided by Ms S when she took out the policy doesn't record the two claims (accidents).

I can see from Spitfire's case notes they sent Ms S an email and a text message on two occasions at the start of August 2022 saying they'd asked for some information. Given the nature of the request, I don't think it unreasonable they didn't detail the precise nature of the information. While Ms S wouldn't have received the emails (due to the incorrect email address) she did receive the text (from what she said when making her complaint to this service). And the text provides an email address for Spitfire (including their name) and a phone number to call, should she not have received the email. While I understand Ms S may have thought the text message potentially fraudulent, she could have checked both contact details to confirm they were genuine. And she later phoned Spitfire when she received the cancellation letter.

Spitfire using two alternative means of contact to request the information needed to validate her policy is, I've concluded, reasonable in the circumstances. And the use of a text message to mitigate the risk of Ms S not receiving the emails (which is what happened) is also fair and reasonable.

Having not received a response from Ms S, I can see Spitfire cancelled the policy (as they indicated they would) at the start of September. At that point, Ms S contacted Spitfire as set out above.

I've also considered the policy wording in respect of providing information. There are specific terms and conditions relating to supporting documents (including proof of NCD) that also make it clear that if they aren't provided, the policy may be cancelled. And there's a separate requirement in respect of electronic documents, stating that because the policy documents and certificate of insurance are available online, a policyholder must provide a valid email address. Given the nature of Spitfire operating predominantly online, I think these are reasonable.

Whilst the onus is on a consumer (Ms S) to provide accurate information (both in relation to information relevant to the policy, such as claims and NCD, and valid contact [email] details) I've also considered her point about having difficulty recognising text. I don't doubt what she has told us and that it can present a challenge for her. But I don't think it absolves her of the responsibility. And given what I've concluded about it being reasonable for Spitfire to have used a second media (text message) to mitigate the risk of an incorrect email address (or email(s) not being received) then I don't think this changes my conclusion Spitfire have acted reasonably in the specific circumstances of this case.

Given the circumstances, I think it's also reasonable for Spitfire to have waived the cancellation fee that would ordinarily have been due on cancellation of the policy. The residual balance (£58.01) is in respect of the additional premium due in respect of the policy (taking account of the information on Ms S's claims history) up to the point it was cancelled. While I haven't seen detailed calculations supporting this figure, the presence of two previous claims would have increased the level of risk assessed by Spitfire and would have been likely to lead to an increased premium.

Taking all these points into account, I've concluded Spitfire acted reasonably in cancelling the policy.

My final decision

For the reasons set out above, it's my final decision not to uphold Ms S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 27 September 2023.

Paul King
Ombudsman