

## **The complaint**

Mr R complains AA Underwriting Insurance Company Limited (AA) unfairly cancelled his motor insurance policy.

## **What happened**

Mr R renewed his motor insurance policy with AA. It renewed on 6 December 2022.

Whilst conducting its checks on the information provided by Mr R, AA found an undeclared claim relating to a named driver on his policy. It wrote to Mr R to let him know what his options were in this case. The options included removing the named driver, paying an additional premium, or cancelling the policy.

As Mr R did not contact AA or send the additional premium requested, it cancelled his policy on 10 January 2023.

As Mr R was not happy with AA, he brought the complaint to our service.

Our investigator did not uphold the complaint. They looked into the case and said as the additional premium wasn't paid and AA didn't receive a response, they believed it had acted reasonably. They said they hadn't seen evidence that AA's actions were disproportionate as it didn't receive a response within a reasonable time. They said the policy was actually cancelled a week later than AA initially said it would which gave Mr R more time to resolve the issue.

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

## **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.

Mr R was sent a renewal invitation and a renewal letter prior to the start of his policy. On the first page of the renewal invitation it says;

*"Simple steps to renew your car insurance*

*2. Check that we have accurate and up-to-date information - it's important all the details we hold about you and your cover are correct. If you need to make changes, just call us. It's better to tell us of any changes now as if you make a change once cover has started, you could be charged a fee."*

Both the renewal invitation and renewal letters included a page about accidents relating to drivers of the car with the following statement;

*"Have you or any person who will drive been involved in any accident or suffered any loss (whether to blame or not) involving a motor vehicle - whether or not the subject of an insurance claim - in the last five years?"*

I saw for both drivers it was recorded as *No*.

I also looked at the terms and conditions of the policy and on page 24 it says;

*"The Insurer or AAIS (excluding instalment default cancellations) The Insurer or AAIS may cancel this insurance if there are grounds to do so which may include but is not limited to: You no longer own the Insured Car, the Insured Car has been declared a total loss, abuse of AAIS or Insurer staff or suppliers, non-payment, failure to supply requested validation documentation (proof of address, V5, proof of purchase, proof of No Claim Discount, Driving Licence of any named driver. Security certificate etc.) or You have provided Your Insurer or AAIS with incorrect information and/or You have failed to provide correct information. Your Insurer or AAIS will send, at least 7 days written notice to Your last known address and provided."*

As Mr R had not provided correct information about the named driver on his policy AA were within the terms of the policy to give Mr R notice of cancellation.

I looked at what action AA took when it found the undisclosed claim. I saw it sent an email to Mr R on 5 December 2022 setting out his options. As Mr R did not make any response or pay the additional premium, on 19 December 2022 it sent another email and also a letter in the post. Both the email and letter gave notice of AA's intention to cancel the policy on 3 January 2023 if no contact had been made. I checked the email and address used and they were as held on AA's records.

After still no contact from Mr R, I saw the policy was cancelled by AA on 10 January 2023. This is one week later than the date it set out in the notice of intention to cancel the policy. It sent Mr R an email to confirm cancellation on this date.

Owing to the implications of having a policy cancelled and the risk of not receiving the cancellation letter, it's good industry practice for an insurer to use two means of communication, such as email and letter.

In this case AA did work within the terms and conditions of the policy and it used two methods to contact Mr R, in which it explained the options available to him. Therefore it did what it was required to do before finally cancelling his policy.

Mr R said AA could have added the additional premium to his monthly instalments rather than cancelling his policy. However this was not possible as AA needed his authorisation, and as he did not get in touch it was unable to do this.

I saw Mr R said the emails went into his spam folder and there was a postal strike at the time the letter was sent. I do not think it is fair to hold AA responsible for both contact attempts failing. It used the address and email it had recorded on file and so there was no reason for it to think he had not received them. I saw also AA gave more than the required seven-day notice of its intention to cancel the policy, allowing more time for him to receive the notices and make a response.

Mr R said on 10 January 2023 he received the email to confirm his policy had been cancelled and he rang AA.

Mr R said he accepts he made an error in his application for insurance and did not see or respond to correspondence sent to him by AA, but he feels the penalty of having to declare a cancellation of a policy is unfair. He felt AA should reinstate his policy.

I have considered if there were mitigating circumstances in this case, but I don't think there are. Mr R made the mistake in his application for his motor insurance policy and when this was noticed by AA it contacted him to explain his options. And secondly he did not see the

emails sent to him as they had diverted to his spam folder, of which AA cannot be held at fault for.

I don't agree that AA should have reinstated the policy when Mr R finally made contact with it after the cancellation had happened. It did not make any mistakes and acted within the terms of the policy, and I don't think this was unfair.

It should be noted that cancellations aren't recorded on the Claims and Underwriting Exchange (CUE). AA has confirmed it has not noted this cancellation on CUE.

Although I understand Mr R will be very disappointed, but as AA didn't receive a response from him within the deadline given, I think it acted reasonably when it cancelled his policy. Therefore I do not uphold this complaint and do not require AA to do anything further in this case.

### **My final decision**

For the reasons I have given I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 20 September 2023.

Sally-Ann Harding  
**Ombudsman**