

The complaint

Mr A has complained about his car insurer Advantage Insurance Company Limited cancelling his cover following a total loss claim.

What happened

Mr A's car was subject to a claim on his policy – and Advantage settled it as one of total loss. On 13 July 2022, Mr A spoke to Advantage about the settlement and what would happen next. On 15 July 2022 Mr A received a text message from Advantage confirming it had issued its settlement payment. The payment arrived in Mr A's bank account on 19 July and Mr A bought a new car on 15 August. When Mr A contacted Advantage to provide it with the details of his new car he was told the policy had been cancelled on 12 August. Advantage said that was because Mr A had not contacted it within 30 days to tell it he had purchased a new car.

Mr A felt Advantage's actions were unfair. He said he did not recall being told during the call on 13 July that he had a set time within which to replace the car in order to keep the policy. And he said, even if Advantage was correct regarding applying a timescale, that should have started from 15 July, ending on 14 August 2022 – meaning his purchase on 15 August 2022 was only a day late. He felt Advantage was unfair to have cancelled the policy for the sake of one day.

In its final response made to Mr A's complaint, Advantage confirmed that the terms and conditions, which apply to Mr A's cover, state that following a total loss claim settlement, if a the car is not replaced within 30 days, the policy will be cancelled. It felt, therefore, that it hadn't done anything wrong. Mr A complained to the Financial Ombudsman Service.

Our Investigator ultimately did not uphold the complaint. Noting that Mr A had not recalled detail discussed with Advantage on 13 July 2022, she considered what the policy's terms and conditions said. She also noted that Mr A had been made aware on 15 July 2022 that the claim settlement payment had been issued to him. She was aware that Advantage had actually cancelled the policy slightly earlier than allowed for (12 August rather than 14 August) but she didn't think this failure was material to the situation overall. She noted Mr A had replaced his car outside of the term allowed for in the policy to keep the cover active. She was satisfied that Advantage had acted fairly and reasonably when it had cancelled the cover.

Mr A was unhappy. He said it wasn't fair that Advantage had cancelled the policy earlier than the policy allowed for. And he'd received the claim settlement on 19 July 2022 and replaced the car within 30 days of that date. Our Investigator reviewed Mr A's reply but wasn't persuaded to change her view on the complaint. Mr A's complaint was passed for an Ombudsman's consideration.

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.

I can understand why Mr A is frustrated – he had paid for the whole year of cover and then, following Advantage’s cancellation, which came only part way through his policy year with it, he had to find cover elsewhere. So Mr A had an unexpected cost.

I know Mr A talked with Advantage in July 2022 about what would happen next now it was settling his claim for his car subject of the claim. But I’m also aware that Mr A said the line wasn’t clear so he doesn’t recall what Advantage said about replacing the car. That’s unfortunate. But I note that Advantage’s policy does explain what happens in respect of the policy when a claim is settled as one of total loss. So even if Mr A wasn’t aware of any comment Advantage made during his call with it, Advantage had made him aware via the policy wording.

I’m also mindful that Mr A received a text from Advantage on the day it issued the settlement to him. So even though he did not receive the funds until a couple of days later, he knew the settlement had been made to him. That meant, in line with the policy wording, Mr A had 30 days from 15 July 2022 to replace his car if he wanted to set the new car up on the existing policy and benefit from the cover already paid for. However, Mr A only replaced his car on 15 August 2022, with Advantage having cancelled the cover already.

Advantage did cancel the cover a day or two earlier than strictly allowed for by the policy. But Mr A hadn’t called it on 13 or 14 August 2022 to ask for his new car to be added, only to find the policy had already cancelled. He only did that on 15 August 2022. So Advantage’s error of cancelling a day or two early doesn’t materially affect the situation. In short it was entitled to have cancelled the policy by the time Mr A called it on 15 August 2022, which is what it had done.

I appreciate that Mr A feels that Advantage has been a bit unfair, given he only called it one day late. But Advantage, in line with the policy, had already cancelled the cover, by the time Mr A called it to advise he did want to add a new car. Advantage couldn’t reasonably have kept the policy active on the off-chance Mr A had wanted to replace the car subject of the claim. And as Advantage had already cancelled the cover by the time Mr A called it, I can’t reasonably require it to reinstate the cover. For me to make an award, I have to be satisfied that an insurer has done something wrong, and as Advantage acted in line with the policy terms and conditions, I’m satisfied its act of cancelling the policy was fair and reasonable.

My final decision

I don’t uphold this complaint. I don’t make any award against Advantage Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr A to accept or reject my decision before 2 August 2023.

Fiona Robinson
Ombudsman