

The complaint

Mr S complains about his insurer, Haven Insurance Company Limited (Haven) cancelling his motor insurance policy when he didn't respond in time to a letter from them asking for some documentation.

Any reference to Haven in this decision includes their agents.

This decision only covers Mr S's complaint about the cancellation of his policy in July 2022. It doesn't cover a second, subsequent cancellation

What happened

Mr S took out a motor insurance policy with Haven, commencing in January 2022. In June 2022 he received an email from Haven asking him to respond to a letter that would be arriving by post within the next seven days. Mr S phoned Haven three days after the email and then five days after the email to say he hadn't received the letter. He was told to wait a further two days, but the letter didn't arrive. He contacted Haven again and was told they'd send out another letter and he should wait for it to arrive.

However, Mr S then received an email from Haven saying his policy had been cancelled because he hadn't replied to their letter. He phoned Haven to challenge the cancellation, saying he hadn't received the letter they said they'd be sending. He says he was told to wait for the letter, respond to it and they would validate the response and reinstate his policy. Mr S received the letter the following day, asking him to provide some documents to validate his policy. He responded to the letter and phoned Haven a few days later and was told his policy would be reinstated (or a new policy issued for the remaining term of the original policy).

But when Mr S phoned Haven again, he was told the policy had been cancelled due his being 'non communicative' to the letter. Haven didn't refund the premium for the unused period of cover as there was a claim outstanding on the policy (which meant Haven were entitled to keep any unused premiums pending the outcome of the claim).

Given what he was told, Mr S then took out a new policy with a different insurer.

Mr S was unhappy at what had happened, so he complained to this service. He said it wasn't his fault the letter from Haven didn't arrive until eight days after he was told to expect it – so it wasn't possible for him to have replied within seven days. The cancellation had affected him financially as he couldn't afford to take out another full-year policy six months after taking out his original policy, so he had to use public transport at greater cost and stress. He wanted a refund of the premium he's paid for the unused period of his policy and waiving of cancellation fees.

As Mr S complained to this service first, our investigator asked Haven to consider the complaint. In their final response, they apologised for incorrectly cancelling the policy and said they'd agreed to reinstate Mr S's policy and he should contact his broker if he wanted the reinstatement to go ahead. If he didn't want to reinstate his policy, Haven said he wouldn't have to declare the cancellation to any future insurers.

Mr S cancelled his new policy after just under a month on cover, and his policy with Haven was reinstated. But Mr S wanted reimbursement for the cost of taking out cover elsewhere (he'd initially paid £221.61 for his new policy and received a refund of £67.10 when he cancelled it).

Our investigator initially upheld the complaint, concluding Haven's actions had acted unreasonably in cancelling his policy, causing him financial loss and inconvenience. The investigator thought that as Mr S had already paid for a year's policy with Haven, they should refund the net additional cost of Mr S taking out his new policy (£154.51 plus interest on the amount) and pay £100 in compensation for inconvenience.

Haven disagreed with the investigator's view and provided further information about the cancellation of the policy, based on subsequent validation of the documentation provided by Mr S. They said they'd cancelled the policy correctly as Mr S hadn't responded to their letter within the timeline they'd asked (initially, two days after the email to allow time for a second letter to be sent) and within the overall seven days they'd requested. So, they'd correctly cancelled the policy. They also said they had made an error in their final response when they said they'd incorrectly cancelled Mr S's policy – they now believed they had correctly cancelled the policy.

Following consideration of Haven's response to their initial view, our investigator issued a second view in which they concluded Mr S's policy may have been cancelled at the point it was reinstated in August 2022, had they been aware of the subsequent validation of some of the documentation provided by Mr S. So, the investigator didn't think Haven should compensate Mr S for the cost of his new policy between the initial cancellation of the policy and its reinstatement. But the investigator still thought Haven should pay £100 compensation

Haven disagreed with the investigator's revised view and confirmed their request an ombudsman review the complaint. They said they'd correctly cancelled Mr S's policy in accordance with the policy terms and conditions as he hadn't provided the documentation requested within the seven-day timeline. As they hadn't made a mistake in cancelling the policy, then they didn't agree Mr S should receive compensation. They'd agreed to reinstate Mr S's policy (in their final response) as a gesture of goodwill and in doing so they'd relied on the broker validating the documents (incorrectly). It was only later they concluded the documents had been incorrectly validated.

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 Haven has acted fairly towards Mr S.

The key issue in Mr S's complaint is Haven's cancellation of his policy in July 2022, when Mr S didn't respond within the seven-day period Haven set out in an email telling Mr S to reply to a letter they would be sending to him through the post. Mr S says he contacted Haven (and through his broker) when the letter didn't arrive. And when a second letter arrived, he responded promptly to supply the requested information. Haven say Mr S should have contacted them earlier (after two days) to say he hadn't received the letter, allowing time for a second letter to be sent. And because he didn't provide the requested information within the seven-day period, his policy was automatically cancelled in accordance with the noticed period given in the initial email (and the policy terms and conditions).

Looking at what happened, together with the information and evidence provided by Mr S and by Haven (including call recordings of contacts Mr S had with Haven (and the broker with whom he dealt) it seems Mr S did seek to contact Haven about the request they made (by email) for him to respond to a letter they would be sending by post to his address, in which they asked for certain documentation to validate his policy. I'm aware of the reason for Haven making the request, which is also set out in the email sent to Mr S.

Looking at the email, it asks Mr S to contact them after two days if he hasn't received the letter (so allowing time for a second letter to be sent). While Mr S has provided a schedule of calls made to Haven (including the broker) that indicates a call was made after two days, Haven haven't been able to locate a record (or recording) of such a call. So, it's not possible to be definitive about what may have happened, or the content of any such call. But there are subsequent calls in which, at least one occasion, where Mr S says he hasn't received the letter and requests a new letter.

A second letter is sent, which Mr S receives and responds promptly with documentation requested by Haven. However, this wasn't until after the expiry of the original seven-day period for responses, which meant the policy was automatically cancelled. At that point Mr S contacted Haven and told his policy would be reinstated, but that didn't happen and he took out cover with another insurer. Having then complained to this service (but not having first done so to Haven) Haven considered what had happened and issued a final response in which they said they had incorrectly cancelled Mr S's policy and offering him the opportunity to reinstate his policy (which he subsequently did, cancelling the new policy he'd taken out).

Looking at what happened, Mr S didn't provide the requested documentation within the seven-day period requested, and as I've said it isn't possible to confirm his contact with Haven within two days of the email being sent (though there's some indication from the record of calls provided by Mr S that he did) then Haven applied the automatic cancellation of the policy. But there is evidence Mr S did contact Haven (and through the broker) within the seven-day period to say he hadn't received the letter and requesting a new one be sent.

Haven say they wouldn't consider a policyholder saying they hadn't received a letter to be exceptional circumstances, so wouldn't grant any extension of the deadline. While this is their policy (and I understand the rationale for it as they've told this service), I'm not persuaded it's fair and reasonable in the specific circumstances of this case. Particularly as it seems Mr S provided promptly what he considered to be the required documentation when he received the second letter (and which was subsequently validated – albeit wrongly in the first instance). Having then been told his policy would be reinstated (but then it couldn't be) led Mr S to take out a new policy.

Haven have said they made an error in their final response, saying they'd incorrectly cancelled the policy, as subsequent, further validation of the documents Mr S provided indicated some weren't compliant with what had been requested (the initial validation by the broker hadn't identified this non-compliance). Haven also say they offered reinstatement of the policy as a goodwill gesture. I've thought about this carefully, but I'm not persuaded by Haven's view. Having provided what he thought was the requested documentation, and being offered reinstatement of his policy, it wasn't unreasonable for Mr S to decide to take this up, cancelling his new policy. While he incurred cost of the cover for the period between taking it out and cancelling it, he received a part-refund of the premium and would have benefited from being covered during the period. So, I don't think Haven should reimburse him for the cost of that period's cover.

But I do think Mr S suffered some inconvenience from what happened, having to take out a new policy when told he couldn't reinstate the old policy (having been told he could) and then cancel it when Haven said he could reinstate the policy. Taking all the circumstances of

the case into account, I think £100 compensation for distress and inconvenience would be fair and reasonable.

My final decision

For the reasons set out above, my final decision is that I uphold Mr S's complaint in part. I require Haven Insurance Company Limited to:

- Pay Mr S £100 in compensation for distress and inconvenience.

Haven Insurance Company Limited must pay the compensation within 28 days of the date on which we tell them Mr S accepts my final decision. If they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 9 August 2023.

Paul King
Ombudsman