

## **The complaint**

Miss G and Mr G complain about cancellation of their learner driver motor insurance policy by their insurance intermediary, Collingwood Insurance Services (UK) Limited (Collingwood).

This decision concerns Collingwood as the insurance intermediary for the policy. It doesn't concern the insurer of the policy, a separate firm.

## **What happened**

Mr G took out a learner driver motor insurance policy for his daughter, Miss G, via a comparison website and through Collingwood, in January 2022. Miss G passed her driving test in July 2022, at which point Mr G added her to his own policy. Mr G noted that on Collingwood's website, it stated that a learner driver policy would become invalid once the learner passed their driving test.

Miss G subsequently received a letter from Collingwood in December 2022 saying they had been informed by the DVLA Miss G had passed her driving test. The letter added the insurer (a separate firm) specified in the policy terms and conditions the policy had to be cancelled when the driving test had been passed. So, the policy had been cancelled. If there was a shortfall on the policy, they would attempt to collect it. Mr G contacted Collingwood and was told that a learner policy became invalid (cancelled) when the learner passed their driving test. At which point a cancellation fee of £35 was applied (by Collingwood).

Miss G and Mr G were unhappy at the £35 charge, saying it was an additional charge most learner drivers would have to pay (as most would pass their test within the period of the policy). So, it should clearly advertised alongside the cost of the policy. Miss G and Mr G complained to Collingwood.

Collingwood didn't uphold the complaint. In their final response they said when taking out the policy, Miss G and Mr G would have been taken to their website. There, they would have had the option to view the full breakdown of costs and fees (prior to purchasing the policy). Collingwood added Miss G and Mr G would also have been presented with their terms of business, which detailed non-refundable fees they charged as an insurance intermediary. Miss G and Mr G would also have been asked to tell them when Miss G passed her driving test, at which point the policy would have been cancelled (and the cancellation terms would apply, including the £35 fee). Miss G and Mr G would have had to confirm their acceptance of the policy terms and conditions (and the terms of business) before the policy was issued.

But it was when Collingwood were creating the renewal documents for the policy in December 2022, they validated her driving licence details with DVLA and found she was no longer a learner driver. Collingwood couldn't contact Miss G, so cancelled the policy in line with the policy terms and conditions. Taking all these points into account, Collingwood concluded they'd provided all the necessary information to Miss G and Mr G to enable them to make an informed decision on whether to take out the policy.

Miss G and Mr G then complained to this service. They thought it unfair the £35 cancellation fee was charged, saying it should have been made clearer when the policy was taken out

(given most learner drivers would expect to pass their driving test during the period covered by the policy). They'd had to pay the £35, so wanted the cancellation fee to be made clearer so people were aware they had to pay the charge to end their policy. If they'd known about the charge when they took out the policy, they might have taken out cover elsewhere.

Our investigator didn't uphold the complaint, concluding there wasn't any action for Collingwood to take. He noted the policy made it clear cover would cease when Miss G passed her driving test, so in cancelling the policy Collingwood acted in line within the policy terms. And when taking out the policy Miss G and Mr G would have been made aware of Collingwood's terms of business document, which clearly set out a table of fees, including a fee of £35 for cancellation of the policy. So, Miss G and Mr G should reasonably have been aware of the cancellation fee. So, Collingwood hadn't done anything wrong in cancelling the policy and applying the £35 cancellation fee.

Miss G and Mr G disagreed with the investigator's view and asked that an ombudsman review the complaint. While they accepted the £35 cancellation fee was in the policy terms and conditions, Collingwood's advertising stated the policy would cease on the learner driver passing their driving test – it didn't say it would be cancelled. So, this was misleading.

### **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 Collingwood have acted fairly towards Miss G and Mr G.

The key issue in Miss G and Mr G's complaint is whether the £35 cancellation fee was made clear when they took out the policy. Miss G and Mr G feel it wasn't made clear (and should have been clearer). Collingwood say it was made clear from the policy terms and conditions and from their terms of business document, both of which Miss G and Mr G would have had to accept before proceeding to take out the policy.

In considering the issue, I've first looked at the policy terms and conditions, several of which are relevant to this complaint. First, there's a section headed *Important customer information* followed by a sub-heading *Notification of changes which may affect your insurance – keeping us updated*. This includes the statement:

*"To keep your insurance up to date please tell us straight away via your insurance intermediary about any changes which may affect your cover.*

*Some examples are:*

- *You pass your driving test..."*

Which makes it clear Miss G and Mr G should tell Collingwood when Miss G passed her driving test.

There's also a section on cancellation of the policy which, under a heading *Cancellation by us (immediate cessation of cover)* includes the statement:

*This is a non-exhaustive list of reasons why we may cancel your policy with immediate effect.*

5. *You pass your driving test.*

Which makes it clear passing a driving test may (in practice, will) mean cancellation of the policy (read alongside the earlier policy wording set out above).

Under *Section 9. Permitted drivers and use of the Insured vehicle* there's a statement that reads:

*"...On passing your driving test all cover under this policy will cease other than the limited cover described above which permits your accompanying full licence holder to return the insured vehicle to your home/normal garaging address directly from the driving test centre..."*

*In the event that you pass your driving test, you must tell us immediately via your insurance intermediary to enable us to cancel the policy and calculate any refund of premium allowable."*

Taking all these references into account, I've concluded Miss G and Mr G should have been aware of the need to tell Collingwood (as the insurance intermediary) when Miss G passed her driving test. At that point the policy would have been cancelled. As Miss G and Mr G didn't notify Collingwood when Miss G passed her driving test, I think it reasonable for Collingwood to cancel the policy in December 2022 when they became aware she had passed the driving test (from validation checks with the DVLA).

As I've concluded it was reasonable for Collingwood to cancel the policy, in line with the policy terms and conditions, when they became aware Miss G had passed her driving test, I've then considered whether it was reasonable for them to charge the £35 cancellation fee.

In their final response, Collingwood refer to their terms of business document that would have been available for Miss G and Mr G to view when taking out the policy. I've looked at the document and noted there's a section headed *What will you have to pay for our services?* Which includes the statement:

*"Our intermediary fees, which are non-refundable, are provided below:*

*5. Cancellation Fee                      £35.00"*

This makes it clear a £35 fee will apply if the policy is cancelled. It isn't specific as to the circumstances under which a policy is cancelled, which indicates the fee will apply in any circumstance where the policy is cancelled. That would include cancellation by Collingwood when it is notified (or otherwise becomes aware) that a learner driver has passed their driving test. Which is set out clearly in the policy terms and conditions extracts above.

As Miss G and Mr G would have been provided with a copy of the terms of business document when taking out the policy, I can't reasonably conclude they weren't aware of the cancellation fee, and that it would apply in the circumstance where Miss G passed her driving test.

While I've come to these conclusions, I've also considered the point raised by Miss G and Mr G when disagreeing with our investigator's view, about the advertising of the policy. I've taken this to mean a *Learning to Drive – A Parent's Guide* document produced by Collingwood (and on their website) which sets out various information about learning to drive etc. There's a section in the document headed *What happens after the driving test?* Which includes the statement:

*“It is important to remember however, that a Collingwood learner driver insurance policy will become invalid as your son or daughter will no longer be classed as a learner after passing their test.”*

The section goes on to refer to Collingwood offering new driver insurance policies. While this reference doesn't explicitly state the policy will be cancelled when a learner driver passes their driving test, I think it reasonable to interpret the phrase '...policy will become invalid' to mean it would be cancelled.

Also, while the document is on Collingwood's website, the actual policy would be subject to the full terms and conditions, and Collingwood's schedule of fees contained in their terms of business document. Both of which would have been available to Miss G and Mr G (and their acceptance of them required before the policy could be taken out) before the policy could proceed. So, this doesn't change my conclusion Miss G and Mr G should reasonably have been aware of the policy being cancelled from the point Miss G passed her driving test. And that a £35 cancellation fee would be applied in those circumstances.

So, I've concluded Collingwood acted reasonably in cancelling the policy and applying the £35 cancellation fee.

### **My final decision**

For the reasons set out above, it's my final decision not to uphold Miss G and Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G and Mr G to accept or reject my decision before 11 September 2023.

Paul King  
**Ombudsman**