

## **The complaint**

Miss P complains that U K Insurance Limited trading as Privilege ("Privilege") cancelled her car insurance policy and failed to notify her.

Miss P's representative has complained on her behalf but to avoid any confusion I'll refer to Miss P throughout this decision.

## **What happened**

Miss P took out a 'DriveXpert' car insurance policy with Privilege in October 2022. The policy requires customers to register and record their journeys using a specialist App.

Miss P believed she would need to fit a black box to her car under the terms of the policy. While waiting for the black box she realised she had received a refund of her premium from Privilege. When she called to find out what the credit was for she was told the policy had been cancelled.

Miss P says she received no notice that her policy would be cancelled. She says the letter was sent during a well-publicised period of mail disruption so Privilege should have been aware the letter might not be delivered correctly.

Miss P realised her policy had been cancelled when she noticed Privilege had credited her account. So, she called Privilege who explained the credit was a cancellation refund. Miss P registered the App and asked if Privilege would reinstate her policy but it refused. Miss P says she then received two emails as though she had continued to be insured with Privilege.

Miss P says Privilege is an online only company and all other communication had been by email but this important communication telling her the policy was cancelled was only sent by letter. Given the gravity of cancelling the policy Miss P thinks Privilege should have made sure she was aware of what was happening.

As a result Miss P says she now has to declare that she's had an insurance policy cancelled which has resulted in additional insurance costs and will continue to do so.

Miss P feels Privilege have been obstructive and unhelpful. She says the website was unclear and confusing; and the lack of clarity has caused this issue. So she complained.

Privilege said it cancelled the policy because Miss P failed to download and register the driving App within the required timescales, and this is a breach of the terms and conditions. It said it provided Miss P with instructions on how to download and register the App and when she didn't, it sent her an email to remind her to do so. Privilege said because it didn't hear from Miss P it sent her a letter to advise the policy would be cancelled unless the App was activated. Since no contact was received and the App hadn't been downloaded and registered Privilege cancelled the policy. Privilege accepted it did continue to send letters to Miss P after the cancellation and apologised for this error.

Miss P remained unhappy and so she referred her complaint to this service. One of our investigators looked into things for her. He said he didn't think Privilege made an error in cancelling the policy, and he said he thought it had clearly communicated what actions were required to avoid cancellation.

Miss P didn't agree so the complaint has come to me to decide.

### **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 know Miss P will be disappointed with my decision but having done so I'm not upholding the complaint. I'll explain why.

#### *Cancellation*

I've considered the policy documents, emails, and letters sent by Privilege about Miss P's insurance policy and the App. I've also considered Miss P's testimony and the information she provided.

I can see from Miss P's policy documents, in the section titled 'What happens next' it says; *"We'll send your DriveXpert instructions and terms and conditions in the next few days. You'll need to follow the instructions, download our App from your App store and start using the App to track your journeys."* It goes on to say, *"If you don't use it we reserve the right to cancel your policy. This may affect your ability to purchase insurance in the future."*

I can see the welcome email was sent to Miss P on 8 October 2022, I think it was clear that she was required to download and register the App as a condition of her policy. And failure to do so could result in her policy being cancelled. Privilege has also shown that Miss P was sent a reminder email about this on 13 October 2022.

I can understand Miss P initially thinking the policy required the use of a black box but the welcome email and information makes it clear an App needs to be downloaded. The welcome letter also says, *"please let us know straight away if anything isn't right or you're not sure about any details."* So Miss P could have contacted Privilege if she was confused or unclear about any aspect of her policy. And I can't see that she did.

Miss P's policy, like most other motor insurance policies, allows Privilege to cancel the policy by giving notice. It says, *"We can cancel the policy at any time if we have a valid reason. If we have to do this, we'll give you 7 days' notice. We'll send our cancellation notice to the latest address we have for you."*

And the policy goes on to give examples of a valid reason:

*"We'll only cancel the policy if we have valid reasons for doing so. For example, if you've failed to co-operate with us, or send us information or documentation as described in your policy, and that has affected our ability to process your claim or deal with your policy."*

As Miss P hadn't downloaded or registered the App Privilege sent her a reminder email on 13 October 2022.

Since Miss P hadn't downloaded or registered the App, a cancellation notice dated 15 October 2022 was sent in the post. The notification said that Miss P's policy would be cancelled if she hadn't downloaded the App or made contact by 29 October 2022. I think

Privilege acted reasonably as it made it clear what steps Miss P needed to take. And acted in line with the policy terms and conditions.

I can understand Miss P's frustration as she says she didn't receive the letter because of the postal strikes. But the policy made it clear, as did the follow up emails. And she did receive those. Privilege has shown it sent the letters to Miss P's correct address. And the emails were sent to the same email address Miss P has given to us. So I can't hold Privilege responsible for any issues with the postal system. And Miss P's policy documents also made clear the need for her to download the App, and that Privilege reserved the right to cancel the policy if she didn't.

I think Privilege has been clear as to the need for the App to be downloaded and registered as a requirement of Miss P's insurance policy. And the time Miss P had to download and register the App was clear. Even if Miss P didn't receive the notification letter it was made clear what would happen if the App wasn't downloaded.

This service believes that insurers should take reasonable steps to ensure that policyholders are told that their policy has been cancelled as this will have serious consequences for them. One way of doing this is to provide notification by two different means of communication; such as email or SMS. Privilege has told us it doesn't currently use SMS for its telematics policies so it used email and letter. And I think that is reasonable in these circumstances.

I have considered whether Miss P was given reasonable opportunity to download and register the App and I think she was. Privilege sent Miss P the information on three occasions; each of them providing instructions and timescales by which to download and register the App. Miss P received the emails but not the letters, but I don't think this accounts for her not responding to any of the correspondence she was sent by Privilege.

Privilege sent three letters, by email and post, telling Miss P there was an issue and that she needed to take action. The last letter set out the consequences of doing nothing. I think Miss P was given opportunity to download the App or get in contact with the insurer if she was unsure about anything. But she didn't do this and I'm not persuaded that sending the cancellation by email would have made any difference here.

So I think Privilege has acted fairly and reasonably and Miss P's policy was cancelled within its terms and conditions. I can see Privilege gave the amount of notice we'd expect it to. As I think Miss P's policy was cancelled fairly, and this is what has been recorded, I'm unable to say Privilege should amend this record.

#### *Receiving emails after cancellation*

Miss P says she received emails regarding her insurance after the policy was cancelled which caused some confusion. And I can understand why it would have been confusing to be told the policy is cancelled and then receive emails about that policy.

Privilege has said that since the App was downloaded and registered after the date of cancellation the portal was reactivated which meant the emails were sent automatically. Privilege has manually deactivated the online portal which will stop any future emails being sent. I think this is reasonable in the circumstances. Privilege were made aware of the issue and resolved it promptly. And this is what I would have expected.

#### *Complaint handling*

Miss P has expressed her dissatisfaction with the way her original complaint was handled by Privilege. Complaint handling is not a regulated activity in itself and as such I am not able to consider this aspect of Miss P's complaint.

I know Miss P will be disappointed with my decision. And that is understandable since her policy was cancelled which caused her further issues and I do empathise with the position she finds herself in. However this doesn't mean Privilege has done anything wrong.

For the reasons I have outlined I think Privilege have acted fairly and in line with its policy in how its handled Miss P's policy. Therefore I won't be asking it to do anything further.

### **My final decision**

For the reasons explained I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 21 September 2023.

Kiran Clair  
**Ombudsman**