

The complaint

Mr E's complaint concerns his motorcycle insurance policy with Advantage Insurance Company Limited. He complains that it refused to provide cover for his new motorcycle and, following cancellation of the policy, insisted that he had to pay the whole premium.

Advantage is the underwriter of Mr E's policy. Reference to Advantage includes reference to its agents.

What happened

In November 2018, Mr E took out motorcycle policy with Advantage. He entered into a separate credit agreement in order to pay the premium monthly. In April 2019, Mr E changed his motorcycle and Advantage asked him to pay an additional premium. Mr E's monthly payments increased.

In June 2019, Mr E told his broker that he'd changed his motorcycle. Advantage said it couldn't offer cover for the new motorcycle. Mr E's policy was cancelled and Advantage asked him to pay the remaining amount of the premium – it didn't offer to waive the monthly payments for the remaining months until the end of the policy in November 2019.

In response to Mr E's complaint, Advantage said that it made its cancellation terms clear at the outset. It also said that it couldn't offer him cover for his new motorcycle.

Mr E says that as Advantage wouldn't offer him cover for his new motorcycle, he had to seek cover elsewhere. He said initially that he thought it was unfair that Advantage wouldn't offer insurance. Mr E doesn't think it's fair that he has to pay the outstanding amount.

One of our investigators looked at what had happened. He said that Mr E had already changed his motorcycle when he contacted his broker in June 2019 and Advantage decided that it couldn't offer cover for the new motorcycle – which it is entitled to do. The investigator said that the terms of Mr E's policy say that he should tell the broker if he intends to change his motorcycle and that not all changes may be acceptable to the insurer. He said that Advantage set out its terms on cancellation clearly.

Mr E didn't agree with the investigator. He said that he accepts that Advantage can decide what risks it accepts but he doesn't accept that it can then charge him the remainder of the premium. Mr E asked that an ombudsman consider his complaint.

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 see why Mr E thought that Advantage would offer cover for his new motorcycle, as that's what it had done previously. However, as the adjudicator explained, and as I think Mr E now accepts, Advantage isn't obliged to offer cover. When offering cover, insurers take into consideration a very large number of risk rating factors. It's not down to me to tell Advantage what factors it should take into account when assessing risk, nor how to go about those assessments. Different insurers will have different views on what presents a risk and the extent of those. That's essentially a matter of commercial judgement and not something with which we would usually think it's fair to interfere.

Advantage has provided me with information to show how it came to the decision about not offering cover for Mr E's new motorcycle. That information is commercially sensitive, so I can't share it with Mr E but I've looked at it carefully. I'm satisfied that Advantage treated Mr E in the same way as it would treat other policyholders in similar circumstances. So, I don't think that Advantage treated Mr E unfairly in refusing to offer cover for his new motorcycle.

When Mr E's policy was cancelled, he was asked to pay the remaining premium. Advantage set out how it would deal with cancellation in its "**Guide to cover**" and in its terms and conditions. It set out a table, which showed what proportion of premium would be refunded on cancellation. Because of the number of months Mr E's cover had run (November 2018 to June 2019), no refund was due to him. The "**Guide to cover**" also said that if the instalments that had already been paid didn't cover what's due, the policyholder would need to pay the balance. I don't think that Advantage acted unfairly in relying on its terms and conditions, which were set out clearly at the outset.

My final decision

I'm sorry to disappoint Mr E but, for the reasons I've explained, I don't uphold his complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 20 July 2020.

Louise Povey
Ombudsman