

The complaint

Mr V complains that Atlanta Insurance Intermediaries Limited trading as Swinton Insurance (Swinton) cancelled his motor insurance without making reasonable efforts to contact him.

What happened

Mr V took out a new motor insurance policy through Swinton. When Swinton checked on the Claims and Underwriting Exchange (CUE), it found reference to a previous non-fault claim. CUE is a database of insurance claims/incidents. Most insurers are signed up to CUE, and will record any incident they're made aware of, whether it leads to a claim or not. Insurers can view the information on CUE when considering offering a policy to a consumer.

Swinton wanted to speak with Mr V to find out more about the CUE entry, so it wrote to him asking him to call. He didn't call, so Swinton wrote to him again about three days later, saying if he didn't get in touch it would cancel his policy in about a week's time. Mr V didn't call so about ten days later his policy was cancelled. Mr V says he was away and didn't get the letters until he got home and found that his policy had already been cancelled. Mr V says he had by then been without insurance for two days. He says the CUE entry was just him calling a previous insurer to ask about the cost of making a claim to repair a dent in his car. He says he didn't actually make a claim and had forgotten about the call.

Mr V complained to Swinton. He was unhappy that Swinton hadn't tried to contact him by other means. In response, Swinton said it had contacted Mr V by post and email asking him to get in touch about the information on CUE, and cancelled the policy because it hadn't heard from him. However, Swinton had actually only contacted Mr V by letter. Swinton also said Mr V hadn't told it he wouldn't be at home to receive correspondence, and he hadn't said he didn't want to receive correspondence by letter or email.

Mr V wasn't happy with this response and complained to this service. Our investigator upheld his complaint. He said before cancelling Mr V's policy, Swinton should have used another method to try to contact him as well as writing. The investigator said Swinton should pay Mr V £100 in recognition of the distress and inconvenience caused to him.

Swinton didn't agree with this suggestion, so the complaint has been passed to me. Mr V wants Swinton to review the way it contacts customers when proposing to cancel policies, remove the cancellation from his records, refund the £40 cancellation fee it charged him, and give him a written apology.

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 uphold Mr V's complaint. I'll explain why.

On 16 May 2022 I issued a provisional decision. My provisional decision said:

I intend to uphold Mr V's complaint. I'll explain why.

My role is to look at individual consumer complaints, so I can't look at whether Swinton should review the way it contacts its customers. I can look at the other issues Mr V raises.

Swinton told our investigator that the issue was Mr V's failure to fully disclose the correct risk during the application for insurance, which is accepted. Swinton said it doesn't use phone or text to contact customers, and in accordance with the cancellation terms in the policy would use post or email. Swinton said Mr V's preferred method of communication was post and its business process is only to communicate by the customer's preferred method.

However Mr V says that when he said his preferred method of contact was post, this was only in relation to insurance documents. He says Swinton has actually contacted him by email on several occasions and he's never said this wasn't acceptable.

I've listened to the call where Mr V bought his insurance. Swinton says this is where he asked for communication to be by post. The call handler checked Mr V's landline number and email address and asked him for his mobile number.

Mr V asked:

"Will you be sending me this through the post or through email?"

The call handler replied:

"Whatever you prefer. Let's have a look. So with documents we can get them to you by post or if you want to help us be that little bit more environmentally friendly through to email and you can view them online. What is it you'd prefer though?"

Mr V said:

"When you send the renewal do you send that by post or by...that will be by post then?" The call handler replied:

"Whatever you prefer (inaudible)."

Mr V then said:

"I think I'd better have the renewal by post because sometimes I miss it on the email."

The call handler explained that Mr V would receive his policy documents in the post.

Mr V then received an email the next day confirming his insurance had been set up and saying that the documents were in the post "as requested".

In the phone call Mr V only asked for the renewal documents to be sent by post. So I don't

think Swinton is correct in saying that Mr V's preferred method for all communication was by post. Mr V received an email from Swinton about the new policy. So it seems that it isn't always Swinton's business process to only communicate by a single preferred method.

Swinton also replied to Mr V's complaint by email, saying that the cancellation letter had been sent by post and email. This isn't correct, as the letter was only sent by post. However it does tend to suggest that Swinton may send such letters by post and email.

Mr V's policy documents said:

“Cancelling your policy...We may cancel your policy by sending you, or Swinton Insurance sending you, 7 days’ notice to your last known address or email address if we have a good reason to cancel your policy. Some examples of situations where we might do this include...you providing us with incorrect information, and failing to put this right when we ask you to”.

So Swinton did act in accordance with the terms of the policy. However, I also need to consider whether Swinton acted fairly and reasonably. I think when Mr V didn’t respond to Swinton’s letters, it would have been fair and reasonable for it to try and contact him by another method before cancelling his policy. It’s a very serious step for an insurer to cancel a consumer’s insurance policy, potentially leaving them without any cover. Swinton had already contacted Mr V by email and could have done so again.

Swinton said Mr V hadn’t told it he wouldn’t be at home to receive correspondence. However I don’t think it’s reasonable to expect a consumer to tell their insurer every time they’re not going to be at home in case any letters need to be sent. Mr V took his policy out over the phone, and he was asked to confirm his email address and landline and mobile numbers. He wasn’t told that these wouldn’t be used to contact him.

Swinton told our investigator that it shouldn’t have deducted the £40 from the refund of Mr V’s premiums as the policy was cancelled before the start date. Swinton has offered to refund this if Mr V contacts it. Swinton also said the cancellation was classed as “customer led”, and so it wouldn’t be recorded on any external database.

However Mr V suffered stress and inconvenience by having his insurance cancelled, being left without cover, and having to rearrange new cover at very short notice. I think Swinton should compensate him for this. Swinton may also wish to apologise to Mr V.

My provisional decision

For the reasons given above, I intend to uphold Mr V’s complaint.

I intend to require Atlanta Insurance Intermediaries Limited trading as Swinton Insurance to pay Mr V £100 in recognition of the stress and inconvenience caused to him by cancelling his insurance without making reasonable attempts to contact him.

Responses to my provisional decision

Mr V said he was very happy with the provisional decision and wouldn’t be providing any further information. Swinton didn’t respond. Having thought about the circumstances once again I see no reason to change my provisional decision.

My final decision

I require Atlanta Insurance Intermediaries Limited trading as Swinton Insurance to pay Mr V £100 in recognition of the stress and inconvenience caused to him by cancelling his insurance without making reasonable attempts to contact him.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr V to accept or reject my decision before 12 July 2022.

Sarah Baalham
Ombudsman