

The complaint

Ms G complains that AA Underwriting Insurance Company Limited (AAUICL) voided her motor insurance policy without warning and accused her of forgery. She wants £300 compensation.

What happened

Ms G took out a new policy with AAUICL and it asked her for proof of her claimed No Claims Discount (NCD). But Ms G's previous insurer wrote to AAUICL to say that it hadn't issued the proof Ms G had provided and it wasn't genuine. AAUICL told Ms G that her policy was voided (cancelled from the start) with immediate effect. Ms G challenged this and AAUICL checked again with the previous insurer. It then said it had made a mistake and the proof was genuine. So Ms G remained insured, but she was unhappy with the trouble and upset caused and the potential consequences for her.

Our Investigator recommended that the complaint should be upheld. She thought AAUICL had put right the error and Ms G had remained insured. She thought AAUICL wasn't responsible for potential consequences of the voidance. But she thought AAUICL had caused Ms G trouble and upset, and it should pay her £150 compensation for this.

Ms G replied that she accepted this. But AAUICL replied that the error was caused by the previous insurer. It said it had corrected this promptly and it would have indemnified Ms G. It thought it hadn't done anything wrong that warranted compensation.

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.

Ms G has described the shock and upset she felt when she received an email from AAUICL to say that her policy was voided immediately. She was a passenger in her car that was being driven by the named driver on her policy. They had to continue their journey with the knowledge that they were uninsured. I can understand that this must have been worrying and upsetting for her.

AAUICL said it wasn't responsible for the error. It had received notification from Ms G's previous insurer that her NCD proof wasn't genuine. So it said it was entitled by the policy's terms and conditions to void her policy with seven days' notice.

But AAUICL's email to Ms G said her policy was voided with immediate effect. And so she didn't receive the seven days' notice she was entitled to by the policy's terms and conditions. Ms G then challenged this decision. She had to contact her previous insurer and AAUICL to resolve the administrative error. And she was unable to drive her car for two days until she received notice from AAUICL that she was covered.

When a business makes a mistake, as I think AAUICL has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

AAUICL said it had corrected the error as soon as it was told by the previous insurer that it had made a mistake. And it then set up a new policy for Ms G and provided her with a letter

stating that she remained insured in the interim. Fortunately, nothing untoward happened to Ms G whilst she was without cover. I can't consider potential losses, just actual ones. So I think that reasonably restored Ms G's position.

But I can understand that Ms G was unhappy that she didn't receive any notice of the voidance so she could correct the error, that it was difficult for her to communicate with AAUICL, and that she couldn't drive her car for two days. I think that if AAUICL had contacted Ms G to discuss the matter in the first instance, then this trouble and upset could have been avoided.

Our Investigator recommended that AAUICL should pay Ms G £150 compensation for this trouble and upset. I think that's in keeping with our published guidance for the impact the errors had. And so I think that's fair and reasonable.

Putting things right

I require AA Underwriting Insurance Company Limited to pay Ms G £150 compensation for the distress and inconvenience caused by its level of service.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require AA Underwriting Insurance Company Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 10 April 2024.

Phillip Berechree
Ombudsman