

The complaint

Mr D complains about how Advantage Insurance Company Limited (“Advantage”) cancelled his policy which used a telematics device to gather data about his driving. Mr D is represented in his complaint, but for ease I’ll refer to him throughout.

What happened

Mr D had a car insurance policy with Advantage.

The policy required the fitment and use of a telematics device and an associated app on his phone.

Mr D took out the policy in January 2023.

On 25 September Advantage emailed Mr D and told him that it wasn’t receiving his data. It didn’t get a response, and it emailed him again telling on 9 October him that his policy was going to be cancelled on 23 October.

Mr D didn’t respond, so Advantage cancelled his policy. It wrote and told him.

Mr D received the letter and contacted Advantage to complain on 26 October. Advantage said its terms told Mr D what would happen if it didn’t receive data.

As he remained unhappy, he brought his complaint to this service. He explained that the cost of his insurance has increased substantially because of the cancellation by Advantage.

He also felt he’d lost out on his first year’s No Claims Discount (NCD) by it being cancelled early.

Our investigator looked into it and thought it would be upheld. She thought Advantage hadn’t done enough to ascertain why the telematics device hadn’t sent data to Advantage. She said it should award one year’s NCD to Mr D subject to there being no incidents while he’d had the policy.

Mr D accepted the view but also pointed out the premium he’d now had to pay was about £600 more than he was expecting, due to the NCD and cancellation notice.

Advantage didn’t agree with the view. It said it wouldn’t give Mr D a full year’s NCD when he wasn’t entitled to it. It didn’t agree that it’d done anything wrong.

Because Advantage didn’t agree, this complaint has been passed to me to make a final decision.

I issued a provisional decision to allow the parties to consider the matter further:

Having read the file of evidence, I’m proposing to uphold Mr D’s complaint, but I’m issuing this as a provisional decision because the outcome I’m proposing to reach is different to our

investigator's. I'll explain why.

I've said above that the policy Mr D bought is one that requires the use of a telematics device, which it refers to as a 'tab', paired with an app.

The policy wording says:

"You will need to ensure that you use the app and your tab on every drive. If you share insufficient driving data with us during your period of cover, it may be cancelled, so it's important to ensure your trips are recorded accurately."

"It's a condition of your policy to share your driving data with us through the app and tab"

Advantage says it can cancel the policy if a customer doesn't send the data to it:

"We may give you seven days' notice of cancellation

We and your insurer can cancel your policy at any time by sending you seven days' written notice to the last postal or email address on our system, stating why the policy has been cancelled.

We can only do this for one of the following reasons:

- You share an insufficient amount of Driving Data with us during your Policy, we do not receive any Driving Data for more than 28 days, or a significant proportion of your Driving Data is captured without you using the App."*

It's clear from the evidence that Mr D wasn't sending data to Advantage, so under the terms of the policy it's allowed to cancel his policy.

Advantage said the last data it received from Mr D was on 31 May. But it didn't contact him about this until 25 September, which is about 117 days later. Advantage didn't explain why it'd taken so long to contact him when its policy wording refers to a 28-day requirement for data.

I can see Mr D was aware of the policy terms as he set up the tab and app initially and it was recording data. I can see he's sent some screenshots of the app so I think he was aware that data was being sent to Advantage.

I say this here because it's important I remind Mr D it's his responsibility to make sure his data is being monitored and sent.

But I can also see that Advantage used only one method to contact Mr D about the data it wasn't receiving. This service thinks using two different methods is best practice.

So, while I think Advantage followed its terms and conditions, I think it should have contacted Mr D telling him it was going to cancel his policy by both email and another method. This would normally mean by post or a phonecall but other methods may be used.

The implications of a customer simply missing emails, or them being mis-delivered, about such an important problem with their policy are potentially very significant. And in Mr D's case this may have meant he was driving while uninsured, which can have very serious consequences.

From its evidence, Advantage did tell Mr D about the cancellation of his policy by letter, but

this was sent after it was cancelled.

So, I don't think Advantage acted fairly in how it planned to cancel Mr D's policy by using only one method to contact him when it has a range of technology and other solutions to do this.

Mr D has explained to this service about the difficulties he's faced following Advantage's decision to cancel his policy. He was expecting to be able to renew his policy at around £1,200, but had to pay about 50% extra because of what happened to his policy.

I've said above that I don't think Advantage did enough to tell Mr D about his policy being cancelled, but I don't think it's fair I ask Advantage to pay for the price increase.

The reason I say this is because it's very difficult to calculate what the exact uplift in price may have been, and especially so given the recent movements in insurance premiums across the marketplace. I also have to consider that the policy makes it clear it's Mr D's responsibility to send data to Advantage and, as Mr D has said, the policy he bought was one of the cheapest on the market for him. Advantage use the driving data to help it keep prices low, so it's a critical part of its process.

But I can see from the evidence that Mr D has been caused distress and inconvenience by Advantage's actions. I've thought about the impact on him and I think the appropriate level of compensation is £200 for his distress and inconvenience.

I've also considered Mr D's request for a year's NCD to be given to him. Firstly, this wasn't part of his complaint to Advantage, although it was included in his approach to this service. So, I can't include this in my decision. But if I was asked to make a decision on that aspect of his complaint, then I don't think I would uphold it. Mr D didn't complete a year's claim-free driving with Advantage so I don't think it would be fair to ask it to give him a full year's NCD.

Finally, the outcome for Mr D is that he currently needs to tell his future insurers about the cancellation. And I don't think that's fair because I don't think Advantage's actions were fair in cancelling his policy in the way it did.

So Advantage needs to remove details of it cancelling his policy from its internal and any external databases it's updated. It needs to write to Mr D confirming it's done this and tell him he doesn't need to notify insurers in the future about this cancellation.

Responses to my provisional decision

Mr D accepted my provisional decision but Advantage didn't. It said it communicated with Mr D both by email and via its customer portal.

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've looked at the additional information sent by Advantage about the communications preferences stated by Mr D and the channels it used. But I don't think it's done enough to show it tried to contact Mr D to tell him his policy was about to be cancelled.

I've said above that Advantage clearly has many different communications channels open to it, but it used one primary channel here. And I don't think the outcome is fair and reasonable for Mr D.

Advantage's evidence doesn't change my thinking on Mr D's case, and I'm upholding his complaint.

My final decision

It's my final decision that I uphold this complaint. I require Advantage Insurance Company Limited to:

- Pay Mr D £200 for his distress and inconvenience.
- Remove cancellation markers it's placed on its internal database and any external databases it may have updated. It should also write to Mr D and confirm it's done this.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 16 May 2024.

Richard Sowden
Ombudsman