

The complaint

Mr M complained that his motor policy with Haven Insurance Company Limited (“Haven”) was unfairly cancelled for excess mileage.

What happened

Haven cancelled Mr M’s motor policy when he didn’t pay an outstanding balance that Haven was expecting. It said he exceeded the monthly allowable mileage under his policy. There were difficulties in Mr M trying to contact Haven as he used a “no-reply” email address. Mr M was forced in to using temporary transport until he arranged a new policy that would cover him.

The new policy Mr M purchased was significantly dearer, so Mr M wants Haven to pay these additional costs as he believes the cancellation has impacted his premiums. He thinks buying at the last minute has increased his costs.

Our investigator decided to uphold the complaint. She didn’t think the policy should’ve been cancelled. She thought all cancellation markers should be removed, cancellation fees refunded, a pro-rata refund made, and a payment made of £200 compensation for the distress and inconvenience experienced. Mr M disagreed, so the case has been referred to an ombudsman.

My provisional decision

I issued a provisional decision on this on 23 April 2024. I said:

“Haven agreed with the key findings of our investigator’s view. It agreed that the terms and conditions of the policy only stated an annual mileage limit and not an individual monthly limit which Mr M had to adhere to. Therefore, it was incorrect in cancelling the policy.

Haven refunded the premiums of the policy for the cancelled period on a pro-rata basis. It has agreed to remove the cancellation markers and return the cancellation fee. As this resolution is agreed by both parties, I won’t consider these points any further. I intend to uphold these points as part of my decision.

However, Mr M feels that he is out of pocket further because of Haven’s actions. He had to gain new insurance and the cost was high due to the short timescales he was given to purchase new insurance. He thinks the cancellation markers increased his premiums.

I have checked the details of Mr M’s policy with Haven and the new policy with his new insurer. They provide similar cover. His new policy cost Mr M £2,813.89, whereas the policy which was cancelled cost £1,584.32. This was an increase of £1,229.57. If Haven hadn’t cancelled Mr M’s policy, he wouldn’t have incurred this additional cost. Therefore, I intend that Haven pay these additional costs. I appreciate different insurers cost policies differently. But Mr M was forced into getting a new policy when he shouldn’t have had to. I think the timescales and cancellation markers contributed to a higher cost. I intend that Haven should also add 8% simple interest per annum for the period Mr M has been without this money”.

Responses to my provisional decision

Mr N accepted my provisional decision and he didn't have anything further to add.

Haven didn't respond to my provisional decision.

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.

Neither party has provided any new information, so I see no reason to change my provisional decision.

My final decision

My final decision is that I uphold this complaint. I require that Haven Insurance Company Limited to:

- Remove all insurance markers (if it hasn't already done so)
- Refund the cancellation fee (if it hasn't already done so)
- Pay £200* compensation – for distress and inconvenience (if it hasn't already done so)
- Pay the increased premiums of the new policy (£1,229.57), plus 8% simple interest** per annum

* Haven Insurance Company Limited must pay the compensation within 28 days of the date on which we tell it that Mr M accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

**HM Revenue and Customs requires Haven Insurance Company Limited to take off tax from this interest. Haven must give a certificate showing how much tax it's taken off it if Mr M asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 6 June 2024.

Pete Averill
Ombudsman