

The complaint

Mrs R is unhappy with the service provided by Advantage Insurance Company Limited (Advantage) following a claim made on her car insurance policy.

What happened

In January 2024 Mrs R took out a car insurance policy with Advantage. The policy was paid for under a credit agreement, with monthly direct debit payments. Mrs R's policy also included a telematics device which needed to be connected to her car as part of her policy terms and conditions.

The terms and conditions of Mrs R's policy further explained the following in respect of cancellation:

Cancellation notice

Except where your insurer is entitled to cancel your policy with immediate effect, your insurer will provide you with a minimum of seven days' written notice of cancellation which will be sent to the last email or postal address on our system.

...the notice of cancellation will specify why your policy has been cancelled and the date cancellation of your policy will take effect.

Shortly after Mrs R took out her policy, Advantage emailed Mrs R to say that as her telematics device hadn't been connected to her car, her policy would be cancelled. Due to issues with Mrs R receiving emails, she didn't receive these contacts from Advantage.

On 26 January, Advantage wrote to Mrs R's home address saying 'We may have to cancel your policy... if you don't set up your app and tab immediately, we'll have to cancel your policy on the date we previously advised and you'll no longer be insured by us.'

On 29th January Advantage sent a letter saying 'We've cancelled your policy.' The letter further explained this had been cancelled from 29 January 2024.

On 1 February Mrs R's car was involved in an incident. Mrs R contacted Advantage to make a claim. During this call Mrs R was informed about the cancellation of her policy. Mrs R attempted to discuss the cancellation with different Advantage representatives, and was promised call backs that didn't happen.

Advantage agreed to reinstate Mrs R's policy, and deal with her claim. Mrs R's policy included courtesy car cover. Advantage has explained due to a change in supplier, this resulted in a delay in Mrs R receiving a courtesy car. Mrs R's car was declared a total loss, and her claim was recorded as a fault claim. Advantage informed Mrs R that in line with her policy terms, the policy excess, and the balance of the annual premium would be deducted from the total loss settlement payment.

Mrs R was unhappy with the cancellation of her policy, the poor customer service (including long wait times and unreturned calls), the delay in providing her with a courtesy car, and the deduction of her outstanding premium from her the total loss settlement payment.

Advantage recognised that its customer service had been poor in respect of long wait times and unreturned calls, and offered £200 in recognition of the impact on Mrs R. Advantage also said it would consider payment for loss of earnings and additional travel expenses, as a result of Mrs R being without a car for four days. Mrs R was asked to provide proof of her losses. Mrs R remained unhappy with Advantage's response, and referred her complaint to this Service.

The investigator found that the service provided by Advantage fell short of what we'd expect. The investigator recommended Advantage to do more to put things right, and asked it to increase total compensation to £350. Mrs R didn't agree. Mrs R was particularly unhappy with having to provide evidence of her losses, saying that she wasn't provided with receipts for the taxi journeys, and her employer couldn't provide evidence of her lost income. Mrs R said *'The stress they caused me was beyond belief and my mental health was affected from the minute I rang them after my accident.'*

Advantage also disagreed with the investigator's findings, saying that it had acted reasonably in the circumstances. Advantage reiterated Mrs R's failure to connect her telematics device on time, and provide an email address that she could be reached on. As the complaint couldn't be resolved, it was passed to me for decision.

I issued a provisional decision on Mrs R's complaint. This is what I said about what I'd 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 focused my comments on what I think is relevant. If I haven't commented on any specific point it's because I don't believe it has affected what I think is the right outcome.

It's not disputed that the service provided by Advantage fell short of the standard we'd expect. The dispute now relates to the award of compensation that should be paid in recognition of what went wrong, and the impact on Mrs R.

Policy cancellation

Advantage say that Mrs R failed to connect her telematics device on time, and provide an email address that was in use, and it was because of these failings that her policy was cancelled.

It's not disputed that Mrs R didn't receive any contact by email from Advantage because of issues with her email address. And I accept Advantage can't be held responsible for this. I've seen that Advantage wrote to Mrs R on 26 January 2024, saying 'We may have to cancel your policy... if you don't set up your app and tab immediately, we'll have to cancel your policy on the date we previously advised and you'll no longer be insured by us.' But in this letter, Advantage doesn't go on to say when Mrs R would need to do this by. The letter refers to previous correspondence. But given the severity of the impact on Mrs R with her policy being cancelled, I think Advantage should've done more to highlight what action will need to be taken, and by when, and the consequence of failing to do this by the set date.

The next communication sent by letter told Mrs R 'We've cancelled your policy.' The letter further explained this had been cancelled from 29 January 2024- the same date as the date on the letter. The cancellation terms and conditions say:

'Except where your insurer is entitled to cancel your policy with immediate effect, your insurer will provide you with a minimum of seven days' written notice of cancellation which will be sent to the last email or postal address on our system. ...the notice of cancellation will specify why your policy has been cancelled and the date cancellation of your policy will take effect.'

Advantage say Mrs R was sent communication about her policy by email. But I think it's reasonable for a business to use more than one method of communication to provide notice for cancellation, given the severity of the impact of insurance being cancelled.

I've seen that the terms and conditions refer to providing 'a minimum of seven days' written notice of cancellation', but from the communications I've seen, Mrs R was not given this. She was told on 26 January that her policy may be cancelled (this document is titled 'first email bounce letter' so it seems likely the same was sent by email). But the next communication was sent less than seven days later, on 29 January, informing Mrs R that her policy had been cancelled. I don't think this allowed Mrs R reasonable opportunity to take steps to prevent cancellation of her policy.

I accept that once Mrs R was informed about her policy being cancelled, Advantage took steps to put this right. This meant that Mrs R didn't suffer any practical consequences as a result of her policy being cancelled. But the impact of the cancellation was still felt because of the poor service that followed, with unreturned calls and long queue times while Mrs R was trying to sort out the cancellation. I've considered this impact when deciding what fair compensation should look like overall.

Customer service (unreturned calls and long queue times)

It's not disputed that the service provided in respect of Mrs R trying to reach Advantage across 1 and 2 February 2024 was poor. There were several instances of Mrs R's calls not being returned, and long wait times. I'm persuaded Mrs R suffered undue upset and frustration as a result of the difficulties in trying to speak to an Advantage representative. I've considered the impact on Mrs R caused by these failings as part of my overall directions for putting things right.

Delay in providing courtesy car

Advantage has explained that due an issue with changing supplier, there was a delay in Mrs R receiving a courtesy car. Mrs R has explained how this delay meant she was without the use of a car over four days, resulting in her having to take taxi's for her children, and not being able to travel to work.

Advantage has agreed to pay Mrs R for her additional expenses, including travel expenses, and loss of earnings. In order to do this, Advantage has asked Mrs R to provide copies of receipts and evidence of loss of earnings to support her claim. Mrs R says she isn't able to provide receipts for the taxi journeys, and her employer can't provide evidence of her loss of income. Mrs R says this request from Advantage is unreasonable.

I've carefully considered Mrs R's comments. And I am empathetic to the trouble and inconvenience caused as a result of being without use of car over several days. I think Advantage's agreement to cover Mrs R's additional expenses is fair. I also think its request for Mrs R to provide evidence of her expenses, before this payment can be made, is fair. This is in line with our approach for complaints of this type concerning additional expenses incurred as a result of poor service. Mrs R should provide the requested evidence to Advantage if she wishes to claim for any additional expenses.

However I do think that Mrs R should also be compensated for the upset caused to her as a result of being without a courtesy car that she was entitled to under the terms of her policy. Advantage has explained the reason for the delay. And I accept a courtesy car was arranged once confusion with the supplier was dealt with. However, Mrs R was left without a courtesy car, and was inconvenienced by having to use other methods of transport, impacting her daily life and care responsibilities. I've considered the impact on Mrs R over the four days as part of my overall directions for putting things right.

Premium deduction from the total loss settlement payment

I've seen that Mrs R was informed on 21 February 2024:

'Following a total loss of the main vehicle on the cover the policy would have no reason to run and this would mean that the outstanding loan amount would be due in full.

This amount would be deducted from your total loss settlement to settle the loan. If a change in vehicle was completed before the settlement is raised, then we could agree for the direct debits to continue as a gesture of goodwill due to the policy having an insurable interest back on cover.'

Shortly after receiving this email Mrs R received payment of the total loss settlement amount with a deduction for the amount on her outstanding loan. Mrs R complained about this. Mrs R said she hadn't been provided with the opportunity to change her car, and insure the new one on her policy. Mrs R was hoping to do this so that the monthly direct debit payments could continue without any deduction being made from the total loss settlement amount.

Mrs R has explained how she later purchased a new car, and this is now an insurable interest under her existing policy. Despite being told about the option to continue to keep her policy running through payment of monthly direct debits, Mrs R was instead forced to accept a lower total loss settlement amount. And this was paid only days after Mrs R was told she could continue with the arrangement of paying monthly by direct debit.

I'm persuaded Advantage's actions amount to poor service. This poor service meant that Mrs R was denied the opportunity to continue paying through monthly payments for her insurance (despite being told this was an option), and instead had to pay the amount as a lump sum, resulting in a reduced total loss settlement amount. I've considered the impact on Mrs R because of this lost opportunity as part of my overall direction for putting things right.

Putting things right

It's not disputed that Advantage could've done more to actively manage Mrs R's cancellation, and the level of customer service provided was poor at times. I've considered our compensation limits, and approach to awarding compensation. And overall, I'm persuaded total compensation of £400 is fair and reasonable in line with our approach. I can understand this is likely to come as a disappointment to Mrs R, who was hoping for more, but I hope my findings go some way in explaining why I've reached this decision.

Thinking about our award bands, I'm satisfied £400 recognises Advantage could've handled things better. But also that there were parts of the claim that did progress as we'd expect- including the swift actions taken to put things right once cancellation of the policy was discussed with an Advantage representative. Mrs R's policy was reinstated, and her claim was also dealt with in line with the terms of her policy.

However, despite Advantage accepting Mrs R's claim, there were several instances of poor service that followed, including the delay in providing Mrs R with a courtesy car, and Advantage's failure to fully explain the option for Mrs R to continue paying by direct debit for her policy. I've taken on board the impact on Mrs R when deciding what fair compensation should look like overall.

I've considered what Mrs R has explained about the impact on her mental health. And I agree that the instances of repeated poor service caused frustration and inconvenience. But I'm also persuaded that although Advantage cancelled Mrs R's policy without giving proper notice, the impact of this was short-lived. Advantage took steps to put things right, including reinstating Mrs R's policy within two days of Mrs R finding out that it had been cancelled. And she didn't suffer any other losses as a result of the policy being cancelled. Advantage has also agreed to cover any additional expenses incurred as a result of Mrs R being without the use of a car over four days. This offer, alongside compensation of £400, is fair and reasonable, and in line with what we'd recommend in the circumstances.

Having considered in detail all the representations made by Mrs R, and the evidence I've seen, I'm satisfied compensation of £400 reasonably reflects the impact on Mrs R because of the parts of her claim that were handled poorly. So for the reasons I've explained, I'm minded to direct Advantage to pay this amount to Mrs R in settlement of her complaint.

My provisional decision

For the reasons set out above, I am minded to uphold this complaint, and ask Advantage Insurance Company Limited to settle the complaint by paying Mrs R compensation of £400 (if Mrs R has already received any part of this compensation, Advantage Insurance Company Limited is directed to pay the outstanding amount only).

The responses to my provisional decision

I invited both Mrs R and Advantage to respond to my provisional decision.

Advantage didn't respond to my provisional decision. Mrs R responded and rejected the provisional decision. Mrs R feels strongly that the actions directed in the provisional decision don't go far enough in recognising the stress and upset caused to her.

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.

Mrs R has explained that she called and emailed Advantage several times to advise about the issues experienced in connecting her telematics device. Advantage's position is that it didn't receive any contact from Mrs R on time, and so her policy was cancelled.

When evidence is contradictory or inconclusive (or both) I have to make a finding on the balance of probabilities. That is what I find is most likely to have happened in view of the available evidence and wider circumstances. In my provisional decision I determined that Advantage didn't allow Mrs R reasonable opportunity to take steps to prevent cancellation of her policy. I also explained how the impact of Mrs R's policy being cancelled was short-lived, as Advantage reinstated it within a reasonable time after Mrs R explained her position. I'm satisfied the compensation I've directed has considered this poor service, and the impact on Mrs R for the reasons already explained in my provisional decision.

It's not disputed that Advantage didn't handle Mrs R's courtesy car request in line with its usual service standards. And because of this, there was a delay in Mrs R receiving a courtesy car. Mrs R also was caused inconvenience, and forced to use alternative transport. Mrs R says she used taxis whilst without a car. Mrs R has also explained that she paid by cash, and wasn't provided with any receipts. I recognise Mrs R's strength is feelings about the difficulties in getting evidence of her loss of income, and travel expenses. However I think Advantage's request for proof of lost income/ travel expenses before paying Mrs R's additional costs, is reasonable, and in line with our approach.

I've carefully considered Mr R's submissions. But I don't think these comments materially change the outcome of Mrs R's complaint, or my direction for putting things right. So I'll be directing Advantage to put things right as set out in my provisional decision.

Putting things right

Advantage Insurance Company Limited is directed to pay Mrs R compensation of £400 (if Mrs R has already received any part of this compensation, Advantage Insurance Company Limited is directed to pay the outstanding amount only).

My final decision

For the reasons provided I uphold this complaint. Advantage Insurance Company Limited must follow my directions above for putting things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 11 September 2024.

Neeta Karelia
Ombudsman