

The complaint

Mr D complains that EUI Limited (EUI) failed to make clear that a discount would be removed if he didn't install a telematics device by the date advised, under his motor insurance policy.

What happened

Mr D agreed a telematics policy online through EUI as his insurance broker. He says he installed the device in his car on the day it was received. Mr D says a penalty fee was raised which meant he had to pay an additional premium for around £300. This was because he hadn't installed the device on time. He says none of the policy documentation he was sent mentions that his premium was subject to a telematics discount. Mr D says he was referred to a document entitled 'your car insurance guide'. He says he was expected to find this on the business's website. But he couldn't locate it and says important information should be clearly provided or signposted, not left for the customer to find.

Mr D submitted a complaint to his insurer. In its final response it told him the telematics discount was advised during his online application. It also told him he was provided with information that confirmed the consequences of not installing the telematics device in the agreed timeframe. The insurer says he agreed to these conditions prior to accepting the policy online. Mr D wasn't satisfied with this response, so he referred the matter to our service.

Our investigator didn't think Mr D had referred his complaint in time. The Financial Conduct Authority (FCA) dispute resolution or DISP rules set out the time frames in which a complaint must be referred to our service. This must be done within six months of a final response. The final response was dated 2 February 2023. This meant Mr D had until 2 August to contact our service. He didn't do so until 30 August. Because his complaint wasn't referred in time, it meant we couldn't consider the complaint about his insurer.

However, in a letter dated 21 March 2023 EUI considered Mr D's complaint about misleading, unfair, and inaccurate information concerning the telematics discount. It told him he'd been shown a screen advising of the discount and that this was contingent with him adhering to the policy conditions. It says Mr D agreed to these conditions prior to accepting the policy online. Mr D had until 21 September to contact our service about this part of his complaint. He did so within the specified time frame, which meant we were able to consider this matter. So, the complaint was passed to one of our investigators to review.

Our investigator didn't uphold Mr D's complaint. He says EUI had supplied him with the relevant policy information. This confirmed the telematics device had to be installed within 15 days or the discount could be removed or cancelled.

Our investigator acknowledged EUI hadn't specifically informed Mr D during his policy application, about the discount, or that this could be lost if he installed the device late. But he says it had informed him that the policy could be cancelled for this reason. He says that ultimately Mr D hadn't suffered a loss as a result of EUI's actions. He commented that Mr D's insurer may not have acted reasonably but he couldn't consider this point as that complaint

was referred too late.

Mr D didn't think he'd been treated fairly and asked for an ombudsman to consider the matter.

It has been passed to me to decide.

I issued a provisional decision in August 2024 explaining that I was intending to uphold Mr D's complaint. Here's what I said:

provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so my intention is to uphold this complaint. Let me explain.

My focus here is around the information EUI provided to Mr D during his online application. I've thought about whether it unfairly impacted on his decision to take this policy, and if this resulted in a loss.

We asked EUI to provide the information Mr D will have seen when he was applying for his policy. I've copied relevant excerpts from the screenshots it provided:

"Telematics policy ...quote based on Behaviour"

"Your premium may go up or down depending on the score you receive"

"...the cost of your cover could go up or down, depending on how safely you drive."

"Poor Score - If the data we receive indicates you're driving poorly, we'll cancel your policy."

Mr D says EUI didn't tell him that the price could go up if he didn't install the telematics device on time. He drives carefully. So, he didn't think there was a risk of his premium increasing as a result of poor driving behaviour. Mr D acknowledges that he was told his policy could be cancelled if he didn't install the device on time. I can see that this was stated in the document entitled "Plug and Drive". It says if you fail to install the device within 15 days the policy could be cancelled. This information was made available once Mr D agreed to take his policy.

Mr D says cancellation would've had no financial impact on him "whatsoever", so he was happy with the cancellation term. He argues that EUI drew no correlation between installing the device and a premium increase. But he says not installing the device on time had a significant impact on his premium – increasing it by around £300. Mr D says this constitutes a huge penalty for missing the installation deadline. Had he known about this clause he says he wouldn't have taken the policy.

I note Mr D's comments that he chose a telematics policy because he's a careful driver. He says this would give him the opportunity to be able prove he was a careful driver for future policies. Mr D says he would've been prepared to pay a premium for this.

I've considered Mr D's comments. But I've not seen information that shows this would be the case. Telematics data isn't generally shared with other insurers. Mr D would've needed to remain with his insurer at renewal to possibly benefit in this way.

That said my focus here is on what Mr D reasonably understood from the information EUI provided. I've thought about whether the information he was given, or not given, prejudiced his position when taking his out his policy.

I've read the agreement Mr D entered into with EUI. It says that if the policy is cancelled after 15 days he's due to pay £155 to cover the cost of setting up his policy. Less £50 if he returns the telematics device. His insurer would also charge for time on cover. So, it isn't correct that cancellation would have no financial impact should Mr D fail to install the device on time.

However, Mr D wasn't specifically told, when taking out his policy, that his premium would increase for not installing the device on time. The terms and conditions that apply to this are set out in the document entitled "[EUI] Plug & Drive Terms and Conditions". The terms say if the device isn't installed on time, "your telematics discount may be removed". Mr D says this information wasn't provided to him.

Mr D's argument is that he wasn't informed about the telematics discount. He wasn't told how much it was or that it could be removed when he made his application. When he didn't install the device on time this meant his premium increased from £466.48 to around £770.

The FCA's Insurance Conduct of Business Sourcebook (ICOBS) sets out high level standards that apply to insurance products. ICOBS 6.1 requires a business to ensure customers can make an informed decision. It defines this as a customer being given appropriate information about a policy in good time and in a comprehensible form so they can make an informed decision about the arrangements proposed. I've thought about whether EUI met this standard here.

During the application EUI didn't tell Mr D that his premium would increase if he didn't install the telematics device on time. He was told his policy could go up or down in relation to his driving score. Also, that his policy could be cancelled if he didn't install the device on time. But not that his premium would be increased if he failed to do this.

Having carefully considered this point, I think the information EUI provided during the application should reasonably have included this point. More specifically, that Mr D's insurer could choose to either cancel his policy, or increase his premium, if he didn't install the device in the timeframe stated. The premium is key information a customer needs to know in order to make an informed decision. By not clearly specifying the possibility of a significant premium increase, Mr D wasn't fully informed of the impact not installing the device, could have. I acknowledge his comments that he wouldn't have agreed to a contract where an unspecified penalty could be applied in the way it has here.

Because of this I don't think EUI treated Mr D fairly. To put this right, it should refund the additional amount he paid to his insurer plus 8% simple interest from the date this was paid until the refund is provided.

I acknowledge that Mr D has spent some time dealing with this matter. I understand this has caused him frustration and inconvenience. But making this payment will mean that Mr D has benefitted from a cheaper policy than he would otherwise have been entitled too. In these circumstances I think this is sufficient to acknowledge the impact all of this had on him.

I said I wasn't intending upholding Mr D's complaint.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Mr D didn't respond with any further comments or information for me to consider.

EUI responded to say Mr D had to agree to having access to its policy booklets before accepting the policy. It provided an excerpt from the customer journey it says Mr D will have seen that includes a link to a page on its website entitled 'General Conditions of Use'.

The business says no telematics insurer outlines a monetary value of cost savings. In addition, it says most insurers do not advise the impact of not going ahead with the installation process. EUI says its policy documents are hyperlinked into its sales journey. It explains its customers have a 14-day cooling-off period. In this period, it provides information about installation of the telematics device and consequences of not installing.

EUI says one day after inception it sends a welcome communication. This says the telematics device must be installed within 15 days or the discount will be removed. If the device isn't connected in this time, EUI says a letter is sent explaining the discount will be removed or the policy cancelled. A date is provided by which this must happen. After another six days the business says a text message is sent advising the customer to plug in the device or their discount may be lost. After another six days another text message is sent confirming if the device isn't connected after 48 hours the discount will be lost and telematics services will be removed.

EUI says it gave fair warning to Mr D before it removed his telematics discount.

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.

Having done so, I'm not persuaded that a change to my findings is warranted.

I've clicked onto the hyperlink EUI sent. This is embedded within the paragraph it says is included as part of the sales journey. Meaning Mr D had sight of it before he agreed to take the policy. I haven't seen detailed evidence to demonstrate the information Mr D will have seen when progressing through EUI's online application. So, I can't see if or where this message appears. However, assuming Mr D did see this and had to confirm he had access to the policy booklets and Insurance Product Information Documents – he will have been presented with a webpage relating to EUI's general conditions. This doesn't set out any information about the premium Mr D will pay or the additional premium he will be charged if he doesn't install the telematics device.

The bottom section of the webpage includes a number of further links. 'Policy booklets' is one of these. By clicking on this and navigating through some further options - policy information relating to the telematics device can be found.

I acknowledge EUI's comments that customers must confirm they have access to this information before agreeing to take a policy. But this doesn't set out the premium payable or the additional premium that is required if the telematics device isn't installed.

In my provisional decision I referred to ICOBS 6.1. I said this requires a business to ensure customers can make an informed decision. It defines this as a customer being given appropriate information about a policy in 'good time' and in a comprehensible form so they can make an informed decision about the arrangements proposed. ICOBS 6.1 also says 'good time' means in good time prior to the conclusion of the policy.

Having reconsidered the evidence, I still don't think EUI was clear about the cost of Mr D's insurance with and without the installation of the telematics device. It follows that it didn't

provide him with appropriate information, in good time, so that he could make an informed decision. Because of this I don't think EUI treated Mr D fairly. And I think the outcome I set out in my provisional findings remains fair in these circumstances.

My final decision

For the reasons I've explained above, and in my provisional decision, I uphold Mr D's complaint. EUI Limited should:

- *pay Mr D the additional premium he paid to his insurer plus 8% simple interest**

**If EUI considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr D how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.*

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 30 September 2024.

Mike Waldron
Ombudsman