

## The complaint

Mr M and his mother Mrs M complain that Advantage Insurance Company Limited unfairly cancelled his motor insurance policy.

## What happened

Mr M passed his driving test in about 2023. He lives in a part of the UK where new drivers are restricted to 45 miles per hour for the first year.

In order to find affordable insurance, Mr M took out telematics insurance. He says that, from about 2023, he had a policy with another insurer, that he had no problems with it, but the insurer withdrew from his part of the UK.

The subject matter of the insurance and the complaint is a car, first registered in 2017.

For the year from 26 April 2024, Mr M took out a telematics policy branded with the name of an insurance intermediary. The policy covered him as policyholder and Mrs M and her husband as named drivers.

Advantage was the insurance company that was responsible for providing cover. Much of the complaint is about acts, omissions or communications of the intermediary on behalf of Advantage. Insofar as I hold it responsible for them, I may refer to them as acts, omissions or communications of Advantage.

Mr M set up the telematics device in the car. It started to monitor and score his driving. From Thursday 2 May 2024, Advantage recorded a low driving score.

By a letter dated 10 May 2024, Advantage gave notice to cancel the policy on 31 May 2024. Mrs M called Advantage and asked for a two-week extension. Advantage declined.

Mr M took out replacement cover with another insurer. He says it was also telematics cover, but it was more expensive. Mr M cancelled the policy with Advantage. He says he had no problems with the replacement cover.

Mrs M complained to Advantage, including on behalf of Mr M, about the cancellation and about its service.

By a final response dated 10 June 2024, Advantage turned down Mrs M's complaint about its service on the telephone.

By a further final response dated 24 July 2024, Advantage accepted Mrs M's complaint about its service on the telephone. It apologised for showing a lack of empathy and understanding. Advantage said it was sending Mrs M £50.00 compensation.

Mr M and Mrs M brought their complaint to us in early August 2024.

Our investigator asked Advantage for certain telematics details. However, she decided to issue her view without waiting for a response from Advantage.

Our investigator recommended in mid-November 2024 that the complaint should be upheld. She didn't think that Advantage handled the policy fairly. She thought that Advantage should put Mr M back into the position he would have been in if the policy hadn't been cancelled. She recommended that Advantage should:

*“• refund Mr [M] the difference in the cost of his new policy compared to the cost of the old policy, plus 8% interest on that payment. He can provide proof of the new policy costs.*

*• pay £100 for the distress and inconvenience of the disappointing customer journey, not having the driving faults explained clearly and the less than expected standard of customer service.”*

Mrs M and Advantage each provided further information. Our investigator slightly changed her view.

Our investigator recommended in early December 2024 that the complaint should be upheld. She thought that the critical point was the length of time Mr M had to become accustomed to the tracker – which was less than one week. She recommended that Advantage should:

*“• refund Mr [M] the difference in the cost of his new policy compared to the cost of the old policy, plus 8% interest on that payment. He can provide proof of the new policy costs.*

*• pay £100 for his disappointing customer journey, the customer service and distress and inconvenience caused. In particular as he'd had the device for less than a week, he'd not been given a reasonable opportunity to get used to the new device or to rectify any driving faults.”*

Mrs M acknowledged the investigator's second opinion.

Advantage disagreed with the investigator's second opinion. It asked for an ombudsman to review the complaint. It says, in summary, that:

- Driving with the acceleration and braking recorded on its device, Mr M may not have passed his driving test.
- Mr M was using the policy in a dangerous reckless fashion quite deliberately.

### **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.

Advantage's policy terms included the following:

*“Score Cancellation*

*This policy may not be suitable for all customers' driving styles and some customers may find they don't meet the terms of the policy to keep their score above 30.*

*The ... app will clearly show you if your driving score gets close to 30. Your policy may also be cancelled if you drive 30mph above the speed limit more than once.*

*Your driving data will be shared with us from the date your policy starts. If your driving score falls to 30 or below, we will get in touch and give you plenty of time to take the appropriate action.*

*Some customers may be offered the ability to pay more to remain on cover and some customers will simply be advised they are due to be cancelled. In both cases customers will be given the ability to cancel with no cancellation fee prior to our cancelling the policy. This will be made very clear in the communication you receive from us. If you fall into either of these groups the following will happen:*

- You will be sent a communication informing you of our intention to cancel your ... policy, your options and what will happen next.*
- We will tell you the date your policy will be cancelled (Cancellation Date). This will be at least 20 days from when we get in touch, so you will have time to find insurance elsewhere. You can also cancel the policy yourself before we do, which means you won't have to declare the cancellation to any new insurers.*
- We won't charge you any cancellation fees if we cancel or you cancel.*
- You will only have to pay for the time you have been insured by us and any ancillaries you may have selected."*

So the policy terms allowed Advantage to give 20 days' notice to cancel the policy if the driving score fell below 30.

However the policy terms said that Advantage would first "*get in touch and give you plenty of time to take the appropriate action*". In any event, (unless there was evidence of excessive speeding or other dangerous driving) I would expect Advantage to give Mr M a reasonable opportunity to improve his driving to the standard the policy required before it gave notice to cancel.

Advantage has provided evidence of three incidents of unsatisfactory driving as follows:

- 2 May 2024 - hard acceleration*
- 4 May 2024 - hard braking*
- 7 May 2024 - hard acceleration*

On balance I accept that evidence. However, I don't consider that the evidence shows excessive speeding or dangerous driving.

By a letter dated 7 May 2024, Advantage told Mr M the following:

*"It's time to get back on track  
We've noticed your driving score is getting close to the minimum..."*

So that letter didn't say that Mr M's driving score had fallen below the minimum. I find it likely that the letter had been generated before the incident on 7 May 2024. The letter expressed an opportunity for Mr M to improve his driving.

Advantage's letter dated 10 May 2024 told Mr M the following:

*"Your low driving score means we'll cancel your policy on 31 May 2024..."*

So I find that – including the incident on 7 May – Advantage had evidence that Mr M's driving score had fallen below the minimum of 30.

The notice included the following:

*"Why your score is low  
We measure how well you're driving by looking at your speed, acceleration, braking, cornering and whether you're using your phone while driving. If you want to know exactly why your score fell to 30 or below, you can find the details in the Trips section of your app."*

So I consider that, if Mr M wanted an explanation of his low driving score, he could've found one in the app.

The notice also included the following:

*"You won't be charged any cancellation fees, so you'll only have to pay for the time you've been insured by us.  
You've got 20 days to find cover with another insurer.  
If you contact us and cancel the policy yourself, you won't need to declare it to any new insurers."*

However, the opportunity for Mr M to improve his driving had been short-lived. It lasted only from 7 May 2024 until the letter dated 10 May 2024. Also, there's no evidence that Mr M had a further incident of poor driving after 7 May 2024.

So I'm not satisfied that Advantage had given Mr M a reasonable opportunity to improve his driving to the standard the policy required before it gave notice to cancel. So I don't consider that Advantage treated Mr M fairly by that notice.

In consequence of the notice, Mr M cancelled the policy with effect from 14 May 2024.

In response to the investigator's opinion, Mrs M provided further information. She showed us that the total cost of the Advantage policy for the year from 26 April 2024 was going to be £1,011.65.

Mrs M also showed us that the cost of the replacement cover for Mr M's car for the year from 14 May 2024 was going to be £1,376.91. However, the policy schedule says that the policy had covered Mrs M's car since at least 11 July 2024. She and Mr M added his car. So it was a multi-car policy and it included a multi-car discount.

Mrs M has shown us that on 19 June 2024, she made a further payment for that policy of £56.51. I accept her statement that this was a claw-back of the multi-car discount when she cancelled cover for her car. However I don't find it fair to say that this retrospectively increased the cost of cover for Mr M's car by that amount.

## Putting things right

I've thought about what it's fair and reasonable to direct Advantage to do to try to put Mr M in the financial position he would've been in if Advantage hadn't unfairly cancelled the policy.

The Advantage policy covered Mr M from 26 April to 14 May 2024 at the cost agreed. That's 19 days. The Advantage policy would've expired on 25 April 2025. The replacement cover will expire on 13 May 2025. So I find it fair to deduct 19 days from 365 days, (that's 346 days) and to direct Advantage to compensate Mr M for the increased cost as follows:

Cost of replacement cover	£1,376.91 divided by 365 days = £3.77 per day
Less	
expected cost of Advantage cover	£1,011.65 divided by 365 days = £2.77 per day
Difference	£ 365.26 divided by 365 days = £1.00 per day
346 days @ £1.00 per day =	£ 346.00

As Mr M has been out of pocket since 14 May 2024, I find it fair and reasonable to direct Advantage to pay interest at our usual rate from that date.

In addition to his financial position, I've thought about what it's fair and reasonable to direct Advantage to do to try to put right the distress and inconvenience that its unfair treatment caused Mr M and Mrs M.

I accept that this included the upset at having the policy cancelled and the inconvenience of having to arrange replacement cover at short notice.

I've noted that Advantage paid Mrs M £50.00 in relation to call-handling, but she regarded it as "an insult". I consider that – in addition to that payment- it's fair and reasonable to direct Advantage to pay Mr M and Mrs M jointly a further £100.00 for distress and inconvenience.

## My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct Advantage Insurance Company Limited to:

1. pay Mr M £346.00 compensation for financial loss;
2. pay Mr M simple interest on that compensation at a yearly rate of 8% from 14 May 2024 to the date it pays him. If Advantage considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr M how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate; and
3. pay Mr M and Mrs M jointly a further £100.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 2 April 2025.

Christopher Gilbert

**Ombudsman**