

complaint

Mr N complains that Europa Group Limited (trading as Motorcycle Direct) (MCD) cancelled his motor insurance policy without notification. He wants it to apologise, reinstate his policy and return a debit it took from his bank account.

background

Mr N took out a policy for his motor bike and then went on holiday. Mr N received correspondence from MCD and the finance provider for his policy about the non-payment of his premium. He thought that his policy would cancel on a date later than it did, and therefore he thought that he had longer to pay the outstanding amount. After MCD cancelled the policy it then took the full amount for the year's policy from Mr N's account though this was later returned to him via "chargeback". MCD says that this amount is still outstanding.

The adjudicator did not recommend that the complaint should be upheld. He thought that the correspondence was clear and Mr N was sufficiently made aware of when his policy would cancel.

Mr N responded that he did not receive MCD's letters as he was on holiday and, because there was a limited phone service, he did not receive its SMS messages. He says that he did not receive emails from MCD. He says that MCD's customer service was poor.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

The terms of Mr N's policy, much like most motor insurance policies, entitle the insurer to cancel the policy as long as it gives the consumer at least seven days written notice of its intention to cancel to his last known address.

MCD said that on 25th July 2014, it received notification from the finance company through which Mr N paid his premium that he had cancelled his finance agreement through his bank and, consequently, his direct debit instalment would fail. Mr N says that his bank has told him that the finance company never set the instruction up in the first place. I find that this is outside the scope of the current complaint and that Mr N should raise this concern with the finance company.

I find that, for whatever reason, MCD did not receive its payment and that it was therefore entitled, according to the policy's terms and conditions, to cancel Mr N's policy.

This service believes that insurers should take reasonable steps to ensure that policy holders are told that their policy has been cancelled as this will have serious consequences for them and expose them to possible court action.

MCD said that it sent Mr N a notification of cancellation letter stating that the finance company had been unsuccessful in collecting his direct debit and that his account was in arrears. Mr N does not dispute that this letter was sent to his address, though he did not receive it as he was away on holiday, but I cannot reasonably hold MCD responsible for this.

MCD said that it also sent an e-mail and SMS message to Mr N to notify him that his direct debit payment had failed. I have seen evidence of the SMS message but not the email, and I note that MCD does not maintain now that this was sent. Mr N did not receive the SMS message due to poor phone coverage, but again, I cannot reasonably hold MCD responsible for this.

Mr N said that the finance company gave him until 8th August to settle his arrears, but MCD's letter to him, which unfortunately Mr N did not have a chance to read, also stated:

"Future correspondence received from [the finance company] relates to your Credit Agreement only and the insurance policy for vehicle registration number [xxx] and all other vehicles insured under this policy will be cancelled with effect from 1st August 2014 at 23:59hrs".

On 4th August 2014, as it had received no correspondence from Mr N, MCD said that it cancelled Mr N's insurance policy in line with its Terms of Business. It says that the cancellation was confirmed to Mr N by letter, sent by Recorded Delivery but returned to MCD on 2nd September 2014, and SMS message. I find that these were sent, but unfortunately as Mr N was abroad on holiday, he did not receive the letter or message.

In conclusion, while it may seem a harsh outcome for Mr N, I find that MCD acted within the terms and conditions of the policy when it cancelled Mr N's policy for non-payment of his premium and that it gave him sufficient notification of the cancellation. Consequently, I find that I have seen no evidence that it has acted unreasonably. It follows that I do not require MCD to reinstate the policy or to make Mr N any refund of outstanding amounts due under the policy terms and conditions.

my final decision

For the reasons above, it is my final decision that I do not uphold this complaint and I make no award against Europa Group Limited (trading as Motorcycle Direct).

Under the rules of the Financial Ombudsman Service, I am required to ask Mr N to accept or reject my decision before 18 May 2015.

Phillip Berechree
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