

Consumer A response to Provisional Findings report

Cancelled Insurance - high cost and need to declare for life?

There are many reasons motor insurance can be cancelled, payment issues, rushing an insurance application and leaving off details by accident (reckless), or deliberately giving insurers fraudulent information. If this comes to light insurers will cancel the policy.

Taking the situation of accidentally not submitting details to the insurer of a motoring offence, realising on renewal when the documents came through, calling the insurer to ensure the correct information is in place then having insurance cancelled from inception due to the error made.

It then comes to light that when seeking insurance for the future that a tick box needs to be selected when insurance has been cancelled for ANY reason:

Have you or any of the drivers ever had insurance declined, cancelled or special terms imposed?

(taken from a pcw)

There seems to be no difference between the type of cancellation, i.e. someone who accidentally didn't disclose information or missed payments are treated the same as a person who deliberately didn't disclose information.

Another interesting point to note is there is no timescale related to this box, so a 20 year old in theory who accidentally didn't disclose information or missed a payment would then have to tick this box for the rest of their life as far as I can see.

Once insurance has been cancelled that there are only a limited amount of niche brokers and insurance companies that will help insure you, that of course comes with a high price tag. A quote received for cancelled insurance on an example car is around £1228.46, uncheck the cancelled box and it becomes £443.97 (price correct at the time of writing the report).

Other check boxes on a pcw include:

Any motor accidents or claims in the last 5 years?

Any motoring convictions, driving licence endorsements or fixed penalty points within the last 5 years?

Do you have any unspent non-motoring convictions?

A "spent conviction" is a conviction which, under the terms of the Rehabilitation of Offenders Act 1974, can be effectively ignored after a specified amount of time. If however you have received a prison sentence of four years or more, your convictions will never become spent.

So you could have a criminal conviction that is spent or a serious motoring conviction from the past, as long as 5 years had elapsed the motoring conviction would not need to be declared or of course a criminal conviction that was spent again would not need to be added, but the implication is 40 years down the line a consumer would still have to declare cancelled insurance?

It would surely make sense to have defined, clear a time period this should be declared for cancelled/declined insurances? It doesn't stipulate how long you need to declare this for, so

one would assume for a life time? This seems unfair for what could have been potentially an oversight or minor blip in finances, to then have to pay these inflated prices for a lifetime.