

The complaint

Mr and Mrs D are unhappy with Liverpool Victoria Insurance Company Limited's (LV) handling of the renewal of their buildings and contents insurance policy.

What happened

Mr and Mrs D had a buildings and contents insurance policy with LV that was due for renewal in early December 2019. LV sent Mr and Mrs D their renewal invitation two weeks before the renewal date, explaining the premium for the coming year. The renewal letter also confirmed the policy had automatically been renewed and the first payment would be taken on the renewal date.

Mr D called LV at the end of November 2019 to cancel the policy from the renewal date in December. But, unfortunately, LV cancelled it from the date of the telephone call. Because of this, the cancellation triggered a cancellation charge, which was passed to a debt collection agency to pursue.

As LV hadn't cancelled the renewal of the policy, they applied for the first direct debit payment in December 2019. Mr and Mrs D had cancelled the direct debit arrangement as they'd cancelled the policy, but LV wrote to them telling them they had missed the payment. And if it wasn't paid it would be passed to a debt collection agency.

Mr D wasn't happy about this, and complained to LV. He said the policy should have been cancelled from the renewal date so no cancellation fee should have been charged. And he said he'd received letters and telephone calls from the debt collection agency, which had caused him and Mrs D considerable stress. He was also concerned that the cancellation charge might affect his credit file. He complained at this time about the notification of a failed direct debit payment too.

LV apologised to Mr and Mrs D. They said their call handler had cancelled the policy from the wrong date, resulting in the cancellation charge being generated. And because the policy had already been renewed for 2019/2020, the call handler's error hadn't led to the policy renewal being stopped, and the direct debit had been applied for incorrectly. LV asked Mr D to check his credit file, and offered to correct anything that had been placed on there incorrectly. LV also offered Mr and Mrs D £75 compensation to recognise their mistake and for any stress this had caused them both.

Mr D didn't accept this and brought his complaint to our service. Our investigator felt that LV had done enough to apologise and put the situation right, so she didn't ask them to do anything more.

As Mr and Mrs D didn't agree, it's been passed to me to decide.

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 won't be asking LV to do anything more. I'll explain why.

LV have already accepted they made an error when handling Mr and Mrs D's buildings and contents insurance renewal and subsequent cancellation. So, all I need to decide is if their apology and payment of £75 compensation is fair. And I think it is, in this situation.

I can appreciate that receiving letters and telephone calls from a debt collection agency would have been upsetting for Mr D. Even more so when I consider he had acted in good faith and called LV to cancel the building and contents insurance policy from the appropriate date. And it's regrettable that LV's call handler didn't process the cancellation as it had been explained.

But LV have acted quickly to resolve the matter once Mr D had brought it to their attention. The cancellation charge was removed and the debt collection agency were informed. Also, the failed direct debit payment notification was removed from Mr and Mrs D's insurance policy and the requested amount wasn't passed onto the debt collection agency. Finally, LV have offered to correct Mr D's credit file if it has been affected by anything LV have done. Mr D has confirmed that his credit file is unaffected.

Because LV have acted quickly to resolve Mr and Mrs D's complaint and there hasn't been any impact on the credit file, I'm satisfied that LV's payment of £75 as compensation is a reasonable one. I won't be asking them to do anything further for Mr and Mrs D.

My final decision

For the reasons above, I don't uphold this complaint. Liverpool Victoria Insurance Company Limited do not need to do anything else.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs D to accept or reject my decision before 17 August 2020.

Kevin Parmenter
Ombudsman