

The complaint

Mr A claims that Automobile Association Insurance Services Limited (the “AA”) unfairly cancelled his motor insurance and then failed to automatically renew it.

What happened

The details of this complaint are well known to both parties, so I won’t repeat them again here.

In summary, Mr A was stopped by the Police in late 2020 because he was driving his car without insurance. Mr A says he thought he had cover in place with the AA – but, in fact, this had been cancelled by the AA in May 2020 because Mr A hadn’t met the monthly instalments for the payment of his premium. This also meant that the policy didn’t renew automatically, which Mr A says he thought it had.

Mr A believes the AA misadvised him, which could now cause him to be banned from driving – the result of which would have a profound impact on him and his business. The AA does not agree, maintaining that it acted fairly with both the cancellation and renewal process.

Where these material facts are not in dispute, I’ll focus on giving the reasons for my decision.

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’ve decided not to uphold it. I’ll explain why.

It’s a legal requirement of The Road Traffic Act 1988 (“RTA”) for all vehicles used on the road to be insured, as a minimum of ‘third party only’. Mr A did previously have sufficient cover in place. However, it’s common ground that he later missed payments towards his policy premium. By his own admission, Mr A didn’t fulfil his obligation to make all the monthly instalments in exchange for cover.

I’m satisfied the AA employed reasonable endeavours to contact Mr A about this, before it cancelled the policy. The insurer sent a number of letters asking for repayment and gave notice that the insurance would be cancelled if the account was not brought up to date. The correspondence the AA sent was correctly addressed according to the details Mr A provided. If Mr A no longer resided at the address the AA held for him, it was his responsibility to ensure that his insurer had his most up to date place of residence – it was a key requirement of the policy. Based on the evidence, I’m not persuaded Mr A did update his postal address accordingly.

The AA also sent a number of subsequent emails and letters to Mr A informing him of how to agree insurance as part of a renewal in August 2020. I'm satisfied that, on more than one occasion, it was made clear to Mr A that any renewal would not happen automatically and that he needed to contact the AA if he wanted to have his insurance cover put back in place. Otherwise, he would remain uninsured unless he arranged cover elsewhere.

I cannot accept that the AA failed to deliver the material letters to Mr A's "old" address, even if he had arrangements in place for any outstanding post to be given to him. I say so because, the overwhelming majority of correctly-addressed post is safely delivered on time. So, there's a rebuttable presumption in favour of these letters being received to the address the AA held on file. And the evidence supports that the letters were delivered without a problem. Besides, Mr A hasn't provided a compelling argument for why he didn't respond to the correctly-addressed emails.

So, Mr A was given a fair chance to remedy the situation with the missed instalments, with all of the correspondence making it clear that he was at risk of losing cover unless he acted – however, he did not arrange this. Then, Mr A was also provided with ample notification that he needed to contact the AA if he wanted to have his insurance cover put back in place as part of a renewal process. All of which, took place *before* he was stopped by the police in November 2020. Overall, the documentary evidence convinces me that the correspondence the AA sent to Mr A made it reasonably clear that cover was no longer in place from May 2020, along with the consequences of being uninsured.

Mr A argues that he did in fact contact the AA and the necessary payment for insurance to be reinstated was agreed. It's unclear when this took place (i.e. following the cancellation and/or in response to the proposed renewal), because Mr A hasn't provided supporting evidence of this contact, such as phone records, email exchanges etc. Whereas, the AA has adduced contact notes which I'm satisfied provide a reasonably accurate account of Mr A's communication with the insurer. On balance, the evidence from the insurer is more persuasive – and it shows that Mr A didn't reinstate his policy in 2020, nor did he take the requisite action to renew it.

Mr A does seem to have made some payment towards breakdown cover that the AA provides. But it's important to note that, while Mr A might've contacted the AA and arranged for roadside assistance, this is an entirely separate policy provided for cover in the event of a breakdown. Such a policy does not satisfy the legal obligation Mr A had according to the RTA. Put simply, the breakdown cover would need to be *alongside* the insurance for his vehicle – not instead of it.

Therefore, because it's evident that Mr A didn't respond as needed to the multiple attempts by the AA, I'm satisfied that the insurer was permitted to cancel the policy on the basis that the agreed payment terms were no longer being met. As I see it, the contract gave the AA the right to do so and it acted in line with this agreement when processing the cancellation. What's more, in the circumstances, I can't safely say that there was a contractual obligation for the AA to renew Mr A's cover.

Finally, Mr A received a marketing email dated 17 August 2020, that alluded to him being insured following the cancellation. This email did include the message that "*Now your car insurance is with us, you can relax knowing it's sorted and we've got you covered.*" This may have been in relation to the roadside assistance policy. Nonetheless, Mr A says this misled him into thinking that he did indeed have lawful cover in place for his vehicle. So, I've thought carefully about this, as I can see how this email might be construed as no further action was needed.

However, the AA says —and I accept— that this email was merely a generic advertisement that Mr A received because he'd been linked to another policy or policyholder – it was not confirmation of cover. The existence of the email came about simply because Mr A was at one point connected to an altogether different policy with the AA as a named driver.

I've therefore looked at the contents of the message, to weigh up whether Mr A could reasonably believe that it was confirmation of an insurance contract, for the purposes of insuring his vehicle to be legally driven on the road. Due to the sequence of events, I find it only fair to take into account the wealth of information the AA had provided to date. That is, the notification of the cancelled policy, together with the renewal invitation and other correspondence.

Having done so, it strikes me that there was a distinct lack of detail about Mr A and his policy in this message. Such as, there being no mention of Mr A's vehicle registration or policy number. In fact, Mr A's *name* was not even explicitly mentioned. The sheer lack of specifics compared to what's to be expected of an insurance contract is immediately apparent; not least, because it did not include the price of cover, nor the extent of such cover.

In my view, it's reasonable to expect Mr A to have, at the very least, questioned the AA to find out some more about this supposed agreement. Especially, in the context of all the other information the AA had previously sent (which I'm persuaded was successfully delivered). Moreover, the AA had made it clear in letters and emails to Mr A only a matter of days prior to this email that he wasn't insured. Indeed, a letter dated 13 August 2020 provided a timely warning that *"You are no longer covered with AA Car Insurance"*.

Of course, Mr A had constructive knowledge that he hadn't agreed to a new policy as part of a renewal. We know this because, by his own account, he hadn't even received the renewal documents that were sent. I also cannot ignore that, if Mr A received this particular email dated 17 August 2020, it's more likely than not that he also received the other emails regarding the need to act to secure a renewal – they were all sent to his same email address. Yet, as mentioned, Mr A hasn't provided a persuasive explanation for why he failed to act on these prior messages.

So, even if it was arguable that one email confused matters, it's my judgment that the absence of a specific reference to Mr A or his vehicle, together with all the prior communication the AA sent, means that Mr A could not safely assume that he was in fact insured on the basis of this email. All things considered, I'm satisfied the information sent to Mr A by the AA gave enough notice to him to query whether his vehicle was insured. Had he done so, I'm persuaded the AA would've told him that he wasn't.

I recognise the impact a penalty or prosecution might have on Mr A and his business. But taking everything into consideration, I can't safely conclude that the AA failed to provide cover when the policy was due for renewal in mid-August 2020. It's my judgment that the insurer gave Mr A a fair chance of implementing cover; both when payments were missed on his original policy and at renewal stage.

Ultimately, Mr A hasn't substantiated that he arranged lawful cover of his vehicle. There's no compelling evidence that he did in fact agree the insurance that he needed with the AA following the cancellation in May 2020. And as I've already explained, it was his responsibility to ensure that he had ample cover.

In these circumstances, I'm not persuaded that the AA is to blame for the position Mr A now finds himself in. It follows that I do not require the AA to do anything differently for this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 8 July 2021.

Matthew Belcher
Ombudsman