

The complaint

Mr L complains that Royal & Sun Alliance Insurance Limited (RSA) failed to process his insurance policy correctly, leaving him without insurance.

What happened

Mr L says he bought a policy online from RSA in June 2019. In September he was pulled over by the police for having no car insurance. He says he contacted RSA but was told he wasn't covered. He says it told him it had sent some correspondence requesting more detail to enable the insurance to be progressed. Mr L says he arranged insurance with a different provider at the time he was stopped by the police to be able to keep his car.

In December 2019 RSA says it wrote to customers impacted by a system error. When applying for insurance they had been shown a "*payment successful*" screen indicating the process was complete. But payment hadn't been taken, and the policy wasn't in force. Mr L received one of these letters. It asked him to contact RSA, but he didn't do this. The company says it sent two further letters around this time, advising Mr L to make contact and lastly to confirm that no cover was in force.

Mr L complained to RSA in December 2020. He says he received its letter in December 2019. He took this to the police station because the matter had been referred to the magistrate's court. He thought this would mean the case wouldn't proceed. Mr L says the police told him this wasn't the case and the court case would continue. In January 2021 RSA sent Mr L a letter confirming it would've provided him indemnity on the day he was stopped by the police.

Due to the pandemic his court case was postponed several times, until finally it was heard in March 2021. Mr L was able to provide the indemnity letter and he says the case was thrown out.

Mr L says being stopped by the police was distressing for both him and his young daughter, who was a passenger in the car at the time. He says he's been worried about the court case for a long time and thought this might mean he'd lose his job.

RSA offered Mr L £300 compensation for its system failure and the problems this caused. It thought Mr L could've contacted it in December 2019 when he received its letters about the system failure. Had he done this it says the indemnity letter would've been provided sooner, allowing court proceedings to have been halted. It says it has no record of Mr L contacting it in September 2019. RSA also thought Mr L would've known that the premium for around £1,350 hadn't been collected.

Mr L wasn't happy with the compensation offered and referred his complaint to our service. Our investigator upheld his complaint. He didn't think it was clear that court proceedings could've been halted in December 2019. And referred to an email from the court to Mr L in January 2021 that said this wasn't possible. He thought the police stopping him and the need to attend court had caused significant distress and inconvenience. Our investigator felt £750 was an appropriate compensation payment in the circumstances.

Mr L agreed, but RSA didn't think this amount was justified and asked for an ombudsman to review the complaint.

It has been passed to me to decide.

I issued a provisional decision in January 2022 explaining that I was intending to not uphold Mr L's complaint. Here's what I said:

provisional findings

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 my intention is not to uphold Mr L's complaint. I understand he will be disappointed, but I will explain why I think my decision is fair.

It's clear RSA should've put Mr L's car insurance policy in force in June 2019. The online system informed Mr L that his payment was successful. He thought this meant he was covered, but because of an error this wasn't the case. RSA accepts it's at fault for this.

When Mr L was pulled over by the police in September 2019, he says he called RSA. He was told he didn't have cover and says missing information had been requested from him without receiving a response.

RSA says it has no record of a call from Mr L around this time. It also comments that it wasn't aware of the system error until December 2019. Meaning its representative wouldn't have known about it and wouldn't have responded in the way Mr L says. It refers to the complaint email it received from Mr L where he says:

"telephoned yourselves to ask what had happened regarding my insurance to be told that I had been sent some correspondence from you in which you had requested for more details to enable the insurance being processed. I had not received anything from you by email, post or phone call. This is when I was told on the phone that you had cancelled the policy due to me not responding, but how could I if I had not received the details."

We asked Mr L if he had any records relating to the call he made to RSA in September 2019. He has supplied information from his mobile phone provider that shows call records are only held for 12 months. This means no records are available to confirm this call took place.

I don't dispute Mr L's recollection. But I must also consider that there is no record of a call to RSA at this time. Mr L's recollection of the call is also at odds with RSA's position that its representative was unaware of the system error in September 2019. At this time Mr L didn't have a policy as his application hadn't progressed from the quote stage, due to the system error.

RSA confirms the premium Mr L agreed online in early June 2019 was for £1,351.99. It says this was to be paid in full at the time the policy was agreed. I understand the system error meant the policy didn't go live and so no money was taken. This also meant no policy documentation was provided to Mr L.

I have thought about these points. I don't dispute that it was RSA's system error that prevented cover going live. But I think Mr L should reasonably have been alerted to a problem nearer to the time in June 2019 when he agreed his policy. I say this because the premium was agreed to be taken in one lump sum, not to be spread over smaller monthly

payments. £1,350.99 is not an insignificant amount of money. I'd expect a reasonable person to notice if this wasn't taken. Particularly as it was around two and a half months before Mr L was pulled over by the police. I think the fact that this money should've been taken, should reasonably have alerted him to a problem.

In addition, Mr L received no follow up communication or policy documentation. I think it would have been reasonable for him to expect to receive this information promptly. Certainly, within two and a half months of agreeing a car insurance policy. Had Mr L contacted RSA in the two-and-a-half-month period before being stopped by the police, this could've been resolved without the problems described.

RSA says it wrote to Mr L in December 2019 to tell him about the system error. We have been provided with templates of the initial letter and two follow up letters that were sent. RSA can't provide the actual letters addressed to Mr L. However, he confirms these were received.

The first letter says:

"We're letting you know that we've identified an issue with our system when you took out your policy with us for vehicle registration <registration>.

The problem was a policy was not created, although we understand you may have seen a message on our website stating your policy purchase was successful.

WE NEED YOU TO CONTACT US TO PAY FOR YOUR POLICY

Don't worry, we appreciate this is our error, and therefore your cover will still apply as long as you pay for your policy.

We need you to contact us within the next 14 days on <phone number> in order to pay for your policy."

The next letter confirms a similar message saying cover will still apply if payment is made, and that contact should be made with RSA. The final letter says that as no contact was received it understood no cover was required.

RSA points to Mr L's comment that he didn't contact it because he thought it would just tell him he wasn't insured. I acknowledge that Mr L didn't think contacting the business would prove helpful. But in the circumstances described I think it's reasonable to expect contact to have been made when RSA's first letter was received in December 2019. Particularly as Mr L knew he was being prosecuted for having no insurance at this point. And he was aware of the company's mistake.

Mr L says he took RSA's letter to a local police station in December 2019 and was told the court process couldn't be halted. We asked if he had any records to confirm the information he received. Unfortunately, this isn't available as he says this information was confirmed orally.

Mr L has supplied an email he received from the court in January 2021. He asked if the indemnity letter he had from RSA could stop proceedings. The court replied that it wasn't possible to halt proceedings and Mr L could present his evidence in court.

RSA says that had Mr L contacted it in December 2019 when it first wrote to him to highlight the problem, it could've produced an indemnity letter then that would allow the court proceedings to be halted at the time, as opposed to waiting over a year to do this. I note Mr

L says this wouldn't have been possible as his conversation at the local police proved.

Having considered all of this, it's clear that RSA is at fault for Mr L's car insurance cover not going live. But I think it's reasonable to expect Mr L to have been aware of a problem at an earlier stage and prior to being stopped by the police. Had he contacted RSA to query why £1,350 hadn't been taken, and that no policy information had been received, I think it's reasonable to expect the incident with the police could've been avoided.

I don't dispute Mr L's account of his conversation with the police when he received RSA's letter in December 2019. But this isn't confirmation from the court that proceedings couldn't be halted at this time if he had obtained proof of indemnity from RSA.

In summary I don't think RSA treated Mr L fairly due to its initial error in failing to provide insurance cover. But it paid £300 in compensation to acknowledge this point which I think is reasonable. I think RSA's view that court action could have been avoided had Mr L contacted it sooner, is persuasive. So, I can't fairly ask it to pay more compensation to resolve his complaint.

I said I was intending to not uphold this complaint.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

RSA responded to say it had no further information it wanted to provide.

Mr L responded to say he only received one letter from RSA advising him to make contact. He says RSA couldn't have sent an indemnity letter on the day he was stopped by the police in September 2019, as it wasn't aware of the system error until December. He says it wouldn't be possible to stop court proceedings as the matter had been referred to the courts. Mr L says he doesn't think his experiences are being taken into consideration thoroughly.

Mr L says RSA hadn't contact him for missing information as he was told when he phoned it, having been pulled over by the police. He disagrees that his recollection of this call is at odds with RSA's position that no policy had been set up. And questions why call recordings are not available.

Mr L says he wouldn't have been able to pay the premium in one payment, he has always paid his car insurance monthly. He says he is, "*not particularly financially savvy*" and has had debt issues in the past. He says he does not pay attention to his bank balance, and this is something he has had to learn over time. Mr L says he doesn't count himself as a reasonable person, in relation to my comments that a reasonable person would notice when the insurance premium hadn't been taken.

Mr L says the template letters provided by RSA aren't proof he received anything. But he does accept he received its first letter in December 2019. He concludes his email to say he finds it difficult to comprehend how long RSA took to notice the problem. He accepts that he should have noticed missing payments, but that this should only have been two payments.

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.

With respect to the letters RSA says were sent, Mr L confirms he did receive its first letter. This informed him his policy had not been created due to an issue with the system. The

letter told him it needed him to make contact to pay for his policy. The next letter repeated the message with the third letter saying it understood no cover was required as no contact had been made. I acknowledge Mr L's comments that he didn't receive the second or third letter. But he agrees he did receive the first. This clearly told him his policy hadn't been set up and no payment had been taken due to RSA's system error.

I agree an indemnity letter couldn't have been sent on the day of the police stop. But the section of the provisional decision Mr L refers to, explains that indemnity would have been provided retrospectively. Not that a letter would've been sent on that day.

I acknowledge Mr L's view that court proceedings couldn't be stopped. But he wasn't able to provide evidence of being told this from the police station he initially contacted. When he contacted the court, this was over a year after the police stop had happened. I don't think its been shown that proceedings couldn't have been halted if action had been taken earlier.

RSA says it has no record of the call Mr L says he made at the time of the police stop. The missing information comment is from his recollection of this call. I disagree with his view that his comments aren't at odds with RSA's position. It's been shown there was no policy set up at the time of the police stop. So, the questions he says were asked by RSA's representative don't make sense if there was no policy in place, and the system issue had yet to be identified.

My understanding is that RSA doesn't accept a call was made to it at the time of the police stop. Not that it doesn't have a recording of this.

I acknowledge Mr L's recollection that he chose monthly payments when setting up his policy online. We did query this with RSA and it says its records confirm it was due to collect the full premium, had the system error not occurred. In either scenario its still the case that no premiums were taken from Mr L's account for the two-month period prior to the police stop.

If Mr L thought premiums were to be taken monthly, a problem would still be apparent from checking his bank account. Although I accept Mr L's comments that he isn't financially "savvy", I do think it reasonable to notice payments not being collected. It's also the case that he received no policy documentation or any other communication from RSA, despite having just agreed an insurance policy.

Having considered all of this, I'm not persuaded to change my provisional decision. RSA is responsible for the initial system error. But I think its compensation payment for £300 is fair to acknowledge this. I think RSA's view that court action could have been avoided is persuasive and so my provisional decision now becomes my final decision.

My final decision

For the reasons I've explained above, and in my provisional decision, I don't uphold Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 16 March 2022.

Mike Waldron
Ombudsman