

The complaint

Mrs B has complained that the broker Somerset Bridge Insurance Services Limited failed to arrange for her car insurance policy to auto renew.

What happened

Somerset Bridge contacted Mrs B before her car insurance policy was due for renewal on 3 June 2021. It emailed her on 11 May 2021 and quoted a renewal price of £774.72 with the same insurer as the previous year.

It emailed Mrs B again on 14, 22 and 29 May 2021 quoting a higher renewal price of £1,503.83 with a different insurer due to an amendment and confirmed it would automatically renew her policy.

On 31 May 2021 Somerset emailed Mrs B to say her car insurance was due for renewal. But this time it said it wouldn't automatically renew her policy due to an amendment. It said the insurer was different to last year and the amended renewal price was £818.20.

On 4 June 2021 Somerset emailed Mrs B to tell her it hadn't renewed her policy and it had lapsed.

On 21 June 2021 Mrs B called Somerset. She had been stopped by police for driving without insurance on 20 June 2021. Mrs B told Somerset she hadn't received any of its emails and believed her car insurance had automatically renewed. She raised a complaint as she said she was at risk of receiving six penalty points on her licence and a fine.

Mrs B bought a replacement policy immediately and this prevented her car from being impounded by the police.

On 24 June 2021 Somerset told Mrs B that her previous insurer agreed to provide indemnity on the condition Mrs B renewed her policy with it. But as Mrs B had already bought a replacement policy elsewhere, this wasn't an option.

In July 2021 Somerset responded to Mrs B's complaint and didn't uphold it. It said as it had emailed Mrs B on 31 May and 4 June 2021, it had made her aware that she was no longer insured. And it hadn't provided any insurance renewal documents. So it said it wasn't responsible for the consequences of Mrs B driving uninsured.

Mrs B remained unhappy and asked us to look at her complaint.

Our Investigator thought Somerset hadn't been fair to Mrs B and that Somerset should have tried to contact Mrs B in other ways to let her know it would no longer be automatically renewing her policy. This was because it had sent a number of emails confirming it would automatically renew Mrs B's policy – until three days before the renewal date when things changed. The Investigator thought Mrs B's complaint should be upheld and made the

following recommendations:

- Pay Mrs B £1,000 for the trouble and upset which has been caused and;
- Explain to the insurer that offered indemnity that but for Somerset's error Mrs B would have re-insured with them and ask them to reconsider their decision to write a letter of indemnity that she can take to court.

Mrs B accepted the Investigator's recommendations. Somerset didn't agree. In summary it said the emails were clear – and so it did tell Mrs B that her policy hadn't automatically renewed and had lapsed. This was over two weeks before Mrs B was stopped by police – and it hadn't sent any renewal policy documents to Mrs B. Somerset said it was sympathetic to Mrs B's circumstances and would continue to reach out to the insurer to provide a letter of indemnity. It also said that it was for Mrs B to ensure that she was insured.

On 1 April 2022 I issued a provisional decision. I intended to uphold Mrs B's complaint for similar reasons to the Investigator's. But my intended remedy to put things right was different. I intended to ask Somerset to provide a letter for Mrs B to provide to the court confirming that Mrs B would have remained insured but for its error. And I intended to ask Somerset to confirm it would consider any claims against Mrs B while she was driving uninsured. In line with the Investigator's recommendation, I intended to ask Somerset to pay Mrs B £1,000 compensation.

Mrs B accepted my provisional decision. She advised that the court date has been adjourned until July 2022.

Somerset didn't agree. It says the underwriter is responsible for providing indemnity. It says it sent correspondence to Mrs B by email as the preferred method of communication. As Mrs B received the renewal invitation, it follows that she would have received the updated information about the policy lapsing.

Somerset said it intended to provide a more detailed response before the deadline. As the deadline has now passed and no further information has been received, the case has been passed back 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.

I've considered Somerset's response to my provisional decision – but this hasn't changed my view. So my final decision remains along the same lines as my provisional decision.

Mrs B provided Somerset with a copy of the police traffic offence report which confirms that on 20 June 2021 it recorded an offence of Mrs B driving a car without third party insurance in place. The report confirmed that Mrs B had the option of a driving awareness course but only if eligible. If she was not eligible, the report said Mrs B would either be sent a conditional offer of a fixed penalty – or be sent details of a court hearing at a magistrates court.

On 6 July 2021 Mrs B provided a copy email from the police confirming what it would accept in order to prevent further action against Mrs B for driving uninsured. The police said it would accept a letter on headed paper from the broker's email address with contact details confirming that minimally third party insurance was in place at the time of the offence.

In response to the Investigator's view, Somerset said the premium had changed on 12 May 2021 due to there being an open claim under the policy and this was the amendment it

referred to. Although the claim was updated later that today – which meant the original insurer could provide a quote for less - Somerset said that it issued generic renewal reminder emails on 14 May 2021 onwards and it wasn't until an agent checked on 31 May 2021 that it was discovered the claim had changed again. It said as a result of the claim change, the premium it was offering Mrs B was no longer the cheapest. And due to how close it was to the renewal date, this meant it wasn't possible for Somerset's systems to automatically renew the policy and set up a credit agreement and collect the first payment.

The updated insurer was the original insurer.

I understand Somerset's explanation here as to why it wasn't able to automatically renew Mrs B's policy. But given the claim details were updated on 12 May 2021, I think Somerset had a reasonable period of time before the renewal date to have updated Mrs B's details with a revised quote – and had it done so, her policy would have automatically renewed with the same insurer as the previous year. And – having issued four emails to Mrs B confirming its intention to renew her policy without Mrs B having to do anything – I think it should have done more to try and speak with Mrs B by the renewal date – to let her know things had changed and she needed to now take action in order to renew her policy.

So I think in this case that Somerset didn't do enough when dealing with the administration of Mrs B's policy. Although the insurer was prepared to offer insurance in response, by this time Mrs B had already bought insurance elsewhere in order to prevent her car from being impounded by the police.

So I think Somerset should put things right for Mrs B. Mrs B has explained that being stopped by the police and the potential consequences of having points and/or a fine has caused her considerable distress and worry.

I therefore think a fair outcome for Mrs B is for Somerset to pay Mrs B a compensation sum of £1,000 to reflect the worry, upset and the impact of future insurance premiums Mrs B may incur as a result of the court hearing for driving uninsured.

I issued a provisional decision as the Investigator's recommendations did not provide indemnity for Mrs B as it relied on the actions of the insurer. I haven't made a finding against the insurer as it is a separate business – and Mrs B's complaint is about the administration of her policy by the broker Somerset, which I am upholding.

So I think Somerset should step in the shoes of the insurer and provide a letter confirming that - but for its error - Mrs B would have remained insured and that Somerset will consider any claims against Mrs B while she was driving uninsured.

My final decision

For the reasons I've given above, my final decision is that I uphold this complaint. I require Somerset Bridge Insurance Services Limited to do the following:

- Pay Mrs B £1,000 for the trouble and upset which has been caused and;
- Provide a letter for Mrs B to provide to the court confirming that Mrs B would have remained insured but for its error and it will consider any claims against Mrs B while she was driving uninsured.

Somerset Bridge Insurance Services Limited must pay the compensation within 28 days of the date on which we tell it Mrs B accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

If Somerset Bridge Insurance Services Limited considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mrs B how much it's taken off. It should also give Mrs B a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 18 May 2022.

Geraldine Newbold
Ombudsman