

The complaint

Mr C complains that an error made by I Go 4 Ltd led to his not being covered by the motor insurance policy he'd bought through it.

What happened

I Go 4 sent Mr C a renewal invitation in May 2021. On 1 June 2021 it emailed him to say his policy would lapse on 18 June 2021. On that date, it sent a further email to say it would lapse that day. Mr C called immediately to accept the renewal quote. I Go 4 sent a further email to him on 19 June 2021 saying the policy had lapsed, but Mr C says he didn't see it. In October 2021 he was stopped by the police for driving without insurance. His car was seized and he was required to pay a fine and accept penalty points on his licence or attend court.

Shortly afterwards, I Go 4 found that there'd been an error on its part. It refunded the impound charge Mr C had paid the police, plus the cost of the temporary insurance he'd had to buy. It also asked the insurer to backdate Mr C's cover and provide a letter of indemnity, which it did. I Go 4 said that to compensate Mr C for distress and inconvenience it would charge him only half the cost of the policy, so Mr C got a reduction of £118.47. But he thought I Go 4 hadn't compensated him enough for the inconvenience and upset he'd faced.

One of our investigators reviewed Mr C's complaint. He thought I Go 4 should pay Mr C a further £150 for distress and inconvenience, especially given the upset caused to Mr C by being stopped by the police and being left stranded miles from home. But I Go 4 said Mr C should take some responsibility for what happened, given that it had emailed him to say the policy had lapsed. It said the total of £218.47 proposed by the investigator was a very specific sum that was higher than we'd awarded in the past for similar cases. It asked for a review of the complaint by an ombudsman.

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.

There's no dispute about the fact that - due to the error on I Go 4's part - the insurance Mr C had accepted and believed he was covered by wasn't in place. I Go 4 tried to put matters right by refunding the impound charge and the cost of the temporary cover Mr C had to buy. I think that was fair, as he only incurred those expenses as a result of its error. But I don't think the reduction of £118.47 offered by I Go 4 on the cost of his insurance was sufficient to compensate him for the significant distress and inconvenience he'd faced. Mr C told us he was humiliated and distressed to be stopped by the police and charged with having no insurance, when he had every reason to believe that he was covered. I think most consumers would find being confronted by the police in these circumstances an alarming and stressful experience. Mr C was then left on the roadside, miles from home. He had the inconvenience of getting other insurance, collecting his car and liaising with I Go 4 about what had happened, all with the threat of a fine, penalty points or court hanging over him.

I don't think a further £150 on top of the £118.47 reduction in the cost of Mr C's policy is by any means an excessive sum in compensation, considering the effect of I Go 4's error on Mr C. It amounts to £268.47 in total. That's only a more specific sum than is usual because of the precise reduction I Go 4 made in the cost of cover. I think the overall sum falls within the range of compensation normally awarded by us in similar cases – but as I Go 4 has acknowledged, each case is treated on its own merits.

I've noted I Go 4's point that Mr C should have noted the email it sent informing him that the policy had lapsed. He says he didn't see it (although I think he should have done, as it was sent to the correct email address). But in my opinion, an average consumer who noted the message - but had renewed the policy the day before - might reasonably conclude that it was sent in error. So I don't think Mr C would have acted differently had he seen the email – and the fact remains that I Go 4 made a major error in not ensuring that he was insured.

My final decision

My final decision is that I uphold Mr C's complaint. I require I Go 4 Ltd to pay him a further £150 for distress and inconvenience (£268.47 in total).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 25 August 2022.

Susan Ewins
Ombudsman