

## **The complaint**

Ms W has complained about Liverpool Victoria Insurance Company Limited (LV). She isn't happy that it didn't auto renew her motor insurance policy.

## **What happened**

Ms W took out her motor insurance through LV and her policy had auto renewed every year since about 2015. In November 2021 her policy failed to auto renew as her card details had changed so LV couldn't simply auto renew the policy as it ordinarily would. Unfortunately, Ms W didn't realise that her policy hadn't auto renewed and so she wasn't insured when she was involved in an accident a few months later.

Ms W complained to LV and asked it to cover her claim, but it wouldn't. It said it had simply followed its normal process once the policy wouldn't auto renew and hadn't done anything wrong. LV had written out to Ms W on a few occasions highlighting that it would need her to go online this year in order to renew her policy and it said this was all it was obligated to do. As Ms W remained unhappy she complained to this Service.

Our investigator looked into things for Ms W and upheld her complaint. He accepted that LV had simply followed its process by emailing Ms W a few times saying that she needed to renew her policy herself. But he thought, given the potential dire consequences of not having car insurance, that LV ought to have done more and tried to contact Ms W by other means (such as call, text or write out to her).

As LV didn't agree the matter has been passed to me for review.

## **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.

Although I accept that LV has simply followed its process here in emailing Ms W around the time of renewal as it couldn't auto renew her policy I think this has produced an unfair outcome in the particular circumstances of this case. And so, Ms W's complaint should be upheld, I'll explain why.

Ms W's policy had auto renewed with LV without issue for years and I think she had a reasonable expectancy that her policy would simply auto renew this time. She paid her policy annually and simply didn't notice whether the payment was taken or not. Ms W has explained how busy she was around the time of renewal and I presume she chose to auto renew for this exact reason.

I know LV sent letters outlining that Ms W needed to take further steps in order to renew this year, but I don't think these were clear enough. Ms W has explained that she took a cursory look and just presumed her policy was renewing and I can understand this. I say this as Ms W has outlined how busy she was, that her policy had simply auto renewed for years and

that she just thought the emails outlined she had missed the opportunity to shop around as opposed to the fact that her policy wasn't going to renew.

I would've expected LV to do more here. Its emails should have been clearer that cover would stop, and I agree with Ms W that the emails don't use red ink or look to highlight and warn her that her policy wouldn't renew as normal. And I would expect the letter to explain why the policy wasn't auto renewing – that Ms W's card details were no longer valid. Indeed, the policy documentation wording clearly explains that Ms W doesn't need to do anything to auto renew and specifically says *'we'll use the payment details you've previously given us and renew before the expiry date. If your card details have updated, your card provider will let us know.'* I find this persuasive and so I can understand why Ms W thought the policy would simply auto renew as it had done for a number of years.

Ultimately, I have no reason to doubt Ms W's account as she auto renewed with LV for years without problem. And given the potential consequences of driving without insurance are serious and may result in criminal proceedings or, as in this instance, being asked to cover large costs caused by an accident I would expect the insurer to make greater effort to contact the consumer and let them know this and that the policy wasn't renewing.

As such, I would have expected LV to do more here. It could have called, text or wrote out to Ms W and explained the problem with the card, especially as Ms W had a clear expectancy that the policy would auto renew and that her card details would update. And I would expect LV to follow up and explain to Ms W that her policy hadn't renewed, that she wasn't insured and the potential consequences of not being insured but it didn't.

So, I agree that LV should look to put Ms W back into the position she would have been in had the policy of renewed. This means that it should deal with Ms W's claim that she should have been able to make in line with the terms and conditions of the policy. I note Ms W has gone on to get insured elsewhere so it can deduct from any settlement the cost of the policy for the period Ms W wasn't insured elsewhere (pro-rata).

Plus, I think that this incident must have been very worrying for Ms W. It must've been very stressful, at an already stressful time given the accident she was involved in, to have found out she wasn't insured, and she had to pay a small amount of money for some general legal advice. Plus, Ms W had to face the inconvenience of being without a car, having to scrap her car as it was a write off and buy another when all this should have been dealt with under her insurance policy. And she has had the additional worry of not being sure if the police would look to prosecute her for driving without insurance. So, I think she should be awarded £300 by way of compensation and LV should pay simple interest for the time she has been without any money owed from the claim.

Given all of this, I think the fair and reasonable thing to do, in the particular circumstances of this case is to uphold the complaint. And in addition to the steps outlined above LV should issue Ms W with a letter of indemnity

### **My final decision**

It follows, for the reasons given above, that I uphold this complaint. I require Liverpool Victoria Insurance Company Limited to

- Provide Ms W with a letter of indemnity to cover the period when her policy was due to renew in November 2021 until the date she took out her new insurance policy for her new car;
- Deal with Ms W's claim in full, in line with the remaining policy terms and conditions of her insurance policy as if the policy had renewed in November 2021 including

- paying the third-party costs and dealing with her total loss claim;
- Pay 8% simple interest for the time she has been without the money owed from the date of claim until the date of settlement;
- Pay Ms W £300 compensation; and
- Deduct any money Ms W would owe from the settlement figure including
  - Any excess that would have been due under the policy;
  - Time on cover (pro-rata) for the time Ms W should have been on cover from the date of renewal until the date she took out her new policy elsewhere; and
  - The salvage amount Ms W received for her car after it was written off.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 6 December 2022.

Colin Keegan  
**Ombudsman**