

## **The complaint**

Mrs S complained about U K Insurance Limited (UKI). She wasn't happy about the way UKI cancelled her motor insurance policy.

## **What happened**

Mrs S' had her motor insurance with UKI for a number of years on auto renew. But UKI changed this and her policy didn't auto renew. And as Mrs S didn't realise she continued driving but was stopped by the police for driving without insurance. As Mrs S wasn't happy about this she complained to UKI.

When UKI looked into things for her it didn't think it had done anything wrong. It felt it gave reasonable notice her policy wouldn't auto renew if she didn't make contact. But Mrs S maintained that she spoke to UKI around the time of renewal and asked to be put back on auto renew and was told she was on cover. So, she complained to this Service.

Our investigator looked into things for Mrs S and upheld her complaint. She thought UKI should've wrote out to Mrs S and told her that she was no longer insured after the policy finished as it had chosen to take her off auto renew. And she thought, on balance, that Mrs S' partner had contacted UKI around the time of renewal to continue cover and to place the policy back on auto renew.

As UKI 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.

Having done so I agree that the complaint should be upheld. I'll explain why.

Although UKI was free to take Mrs S off auto renew if it wished I would expect it to take extra steps to ensure its customer was fully aware of this significant change. I say this as Mrs S had a reasonable expectation that her policy would simply auto renew as it had for a number of years. So, if UKI wanted to change this position I would expect it to make this extremely clear to Mrs S. Given the possibility that a consumer may miss its letters explaining this I would expect UKI to call consumers as well and do all it could to explain things including why it wasn't auto renewing. And send a letter after the policy lapsed explaining the policy hadn't auto renewed outlining that Mrs S was no longer insured and the potential dire consequences of this.

Furthermore, it is clear there was some contact between Mrs S' partner and UKI around the time of renewal. Mrs S has clearly explained that this call was made in order to place her back on auto renew and to take out cover for the year. UKI has acknowledged that Mrs S' policy was accessed on this date, but it can't explain why. Given this, I think it is likely, on balance, that a call was made and UKI's system was accessed but for some reason the policy wasn't renewed. I think it is only fair to give Mrs S the benefit of any doubt here.

As such, the fair and reasonable thing to do, in the particular circumstances of this case, is for Mrs S to be put back into the position she should have been but for the error. So UKI should pay any costs Mrs S incurred when she was stopped by the police, plus 8% simple interest for the time she has been without this money, including a police impound fee. And UKI should provide Mrs S with a letter of indemnity explaining its error here and ensure that any adverse entry is removed from all internal and external databases. Mrs S can use the letter of indemnity in relation to any potential police action or court proceedings and the letter of explanation to ensure this incident doesn't affect her ability to gain insurance or impact the premium costs going forward.

I agree that it must have been embarrassing, stressful and inconvenient to have been stopped by the police and for Mrs S to have her car impounded. So, I think it is only fair for UKI to pay Mrs S £250 in compensation.

### **My final decision**

It follows, for the reasons given above, that I uphold this complaint. I require U K Insurance Limited to pay Mrs S any costs incurred, including any impound fee, subject to Mrs S providing reasonable proof. And it should pay 8% simple interest on any costs incurred from the date of payment to the date of settlement. It should also provide a letter of indemnity and pay £250 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 16 February 2023.

Colin Keegan  
**Ombudsman**