

## **The complaint**

Mr S is complaining that Hastings Insurance Services Limited didn't tell him that his car insurance policy wasn't going to renew.

## **What happened**

Mr S had a car insurance policy that had renewed annually for a number of years, which was administered by Hastings – a broker. In July 2022 he was stopped by the police for driving without insurance. He contacted Hastings to understand what had happened and it said the policy had lapsed on 1 July 2022. And it said it had written to him on two occasions in June 2022 to say the policy wasn't going to renew. And it said it wrote to him again on 1 July 2022 to say the policy had lapsed. It also said these communications had been sent by email and post.

Our investigator upheld this complaint. She said she could see that the emails Hastings had sent had bounced back as undelivered, so she said it was aware that Mr S hadn't received the emails. And she said she'd expect Hastings to use two forms of communication to advise that a policy isn't going to renew. Given Hastings was aware the emails weren't going through, she thought it should have taken further steps to notify Mr S that the policy wouldn't renew. So she thought it should do the following to put things right:

- Write a letter of indemnity to Mr S to help him defend his court case for driving without insurance;
- Refund all his expenses which have happened as a consequence of being uninsured; and
- Pay £350 compensation to acknowledge the distress and inconvenience caused.

Hastings maintained it had acted fairly. It said Mr S had selected email as his chosen communication method and hadn't updated his email address. And it maintained that it had sent Mr S letters and a text message as well.

The investigator still thought Hastings should have done more to contact Mr S once it became aware the email address it had was wrong.

Hastings didn't respond to the investigator's second opinion, so the complaint's been passed 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 should first set out that I'm only considering the actions of Hastings in this case. It was the insurer's decision – not Hastings' – to not want to renew the insurance policy. So I can't consider whether it was fair to not renew the insurance policy or not. However, Hastings was the administrator of the insurance policy, so it needed to take reasonable steps to firstly ensure it made Mr S aware the policy wasn't going to renew and subsequently to let him

know when it lapsed.

Hastings has said that, in addition to the emails it sent, it also sent Mr S a text message and letters. Mr S has consistently said he didn't receive any correspondence from Hastings about the renewal. This Service has asked Hastings a number of times to evidence that it sent the letters and text messages, but it hasn't done so. Ultimately I haven't seen anything to show that Hastings used a different form of communication either before or once it became aware that that Mr S wasn't receiving the emails it was sending.

Generally, due to the significant risk of driving without insurance, I think it's good industry practice for an insurer to use two different forms of communication when notifying a policyholder that it wouldn't be insuring them any long – either when cancelling an insurance policy or notifying them that they wouldn't be offering renewal. The same principle applies where a broker is acting on behalf of an insurer to communicate with the policyholder. But I think this is especially important where the insurer/broker is on notice the chosen method of communication isn't working – e.g. when emails it sends bounces back.

Ultimately, I'm not persuaded that Hastings did enough to notify Mr S that the insurer wasn't going to renew the insurance policy or that the policy had lapsed. And I haven't seen anything to show that Mr S was or should have reasonably been aware that he wasn't insured. As a result of this, it seems Mr S unknowingly drove the car uninsured and, as a result, he's being prosecuted for driving without insurance.

### **Putting things right**

Ultimately, I'm satisfied Mr S has been stopped for driving without insurance due to Hastings' actions. He has had his car impounded, incurred a fine of £300 and also had to pay costs to get his car released from the compound. I think Hastings should refund these costs, subject him demonstrating he's incurred them, plus 8% simple interest.

Mr S has also notified us that he's already attended court once and is due to attend again for a final hearing in July 2023. Hastings should also provide Mr S with a letter of indemnity to help him defend his court case for driving without insurance.

Finally, I think Hastings should pay Mr S some compensation for the distress and inconvenience he's suffered. The investigator thought Hastings should pay £350 but I think £500 is fairer.

### **My final decision**

For the reasons I've set out above, it's my final decision that I uphold this complaint and I require Hastings Insurance Services Limited to do the following:

1. Refund the £300 fine Mr S says he incurred for driving without insurance \*;
2. Refund any costs Mr S incurred in having to get his car released from the impound – including any amount he paid to get a temporary insurance policy to release the car \*;
3. Write a letter of indemnity to Mr S to help him defend his court case for driving without insurance; and
4. Pay Mr S £500 in compensation for the distress and inconvenience it's caused him.

\* Hastings is entitled to ask Mr S to demonstrate that he's incurred these costs before it refunds them. But it should also add 8% simple interest per year on these payments from when he paid them until he gets them back (or two weeks after it requests evidence of Mr S being out of pocket whichever comes first). If Hastings thinks that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell him, how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 6 June 2023.

Guy Mitchell

**Ombudsman**