

## **The complaint**

Mr R has complained about Hastings Insurance Services Limited because his motor insurance premium increased at renewal, with the policy having been set to auto-renew, which Mr R felt was unfair.

## **What happened**

Mr R arranged a policy via Hastings in 2021. In 2022 he noted the premium had increased. He then noted the policy was due to auto-renew. He thought he had told Hastings specifically not to auto-renew the cover. He called it to say he did not want the policy to renew and was told he'd have to speak to a different department. Mr R didn't think that was fair so he cancelled the payment arrangement at his bank. Hastings renewed the policy anyway. Once it had renewed, following various emails asking Mr R to make payment, the policy was cancelled at no charge to Mr R.

Hastings didn't think it had done anything wrong. It particularly noted that Mr R had agreed to the auto-renewal in the call setting up the cover. Mr R complained – he felt the auto-renewal should have been on an opt-in basis rather than opt-out. And that the auto-renewal coupled with the increased premium was an unfair business practice designed to keep and profit from unwary policyholders. He was also unhappy about how difficult it had been for him to try and stop the renewal.

When our Investigator approached Hastings, it said it should have let the policy lapse at renewal. Our Investigator felt Mr R had been put to a lot of trouble because Hastings had not done that. So he said it should pay £100 compensation, which Hastings agreed to.

Another Investigator reviewed Mr R's concerns about the premium pricing – he noted Hastings had not set the premium. He wasn't persuaded it had done anything wrong – noting that the policy paperwork had set out what the costs were, including highlighting that and last year's price. He asked Hastings though to have the insurer change the record of cancellation to show it had lapsed at renewal or had been cancelled by Mr R. Hastings said it would amend Mr R's record to show the policy had lapsed at renewal, and assured that no cancellation had been recorded externally.

Mr R wasn't happy. He said Hastings must be involved in the pricing as otherwise the insurer offering cover would not know who was a new or returning customer. He felt there must be something happening that's unfairly causing costs to increase at renewal as the risk he presents had not changed from when Hastings had originally offered him a policy (at the price it had the year before).

## **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 can understand Mr R's frustration here. But I don't think Hastings did anything wrong either in initially setting the policy on a course to auto-renew, or in respect of a higher premium

being offered at renewal. It should though have actioned Mr R's request to not renew the policy, rather than insisting he speak to a different department and refusing to action his reasonable request such that the policy renewed even when it knew that was explicitly against his wishes.

Mr R arranged cover via Hastings. He was told in the arrangement call that the policy would auto-renew, and this was also featured in the policy documents he was sent. He was told he could opt out of that. There is nothing wrong with that – that is how Hastings chooses to do business and it was clear with Mr R about that. Mr R was free to tell it during the arrangement call that he did not want the policy to auto-renew, or to change his mind about taking out the policy. But Mr R agreed to the policy being set up on an auto-renewal basis.

Before the policy was due to renew Mr R was sent documents by Hastings. These detailed the policy for the new year, including its price. They also highlighted the difference in cost between that year and the year before. They said Mr R might like to shop around. The Financial Conduct Authority (FCA), when it reviewed the issue of pricing – said that was what brokers and insurers should do – make it clear what the price was and highlight that policyholders could shop around. The FCA did not say that prices could not change or increase from the year before.

Hastings, as a broker does not control the price set by the insurer. And nor is it bound to search the whole of the market and only offer a policyholder the lowest available price on offer to new policyholders. There, of course, will be contact between Hastings, as the broker, and the insurer that it offers a policy from, when the policy is arranged. And I don't doubt that contact will involve both Hastings and the insurer recognising whether the application has come from a new or existing customer. But it is the insurer which sets the premium, when the policy is arranged and at renewal, and all Hastings can do is offer that on to the policyholder. And the increase Mr R saw in 2022 – £240.18 against £212.29 the year before – was all due to the premium. The premium itself increased from £162.30 to £190.19. The arrangement fee applied by Hastings of £20.00 stayed the same, as did the cost of the optional extra cover at £29.99. I can't see that Hastings has done anything wrong here.

When Mr R saw the increased premium he found cover at a lower cost elsewhere. And he was also unhappy about the auto-renewal. So he arranged the other cover and sought to cancel the auto-renewal of the Hastings policy. Hastings failed him in this respect. Mr R had contacted Hastings, in doing so it had checked it was speaking to the correct person, and he had made his wishes to it clear. That was all it should have taken. But Hastings wouldn't act to cancel the auto-renewal because it wanted Mr R to speak to the correct department. I think that was unreasonable of Hastings. This caused Mr R's policy to renew when it should have lapsed instead. The policy was then cancelled but not without further correspondence being sent from it demanding payment. I think it's only right that Hastings compensates Mr R by paying him £100 for the upset its failure caused him.

I note that Hastings has now confirmed that Mr R's record shows the policy lapsed at renewal, with no cancellation being recorded externally. That satisfactorily 'resets' the situation, reflecting what should have been recorded had Hastings not failed Mr R when he initially tried to stop the policy renewing.

### **Putting things right**

I require Hastings to:

- Pay Mr R £100 compensation.

**My final decision**

I uphold this complaint. I require Hasting Insurance Services Limited to provide the redress set out above at "Putting thing right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 2 June 2023.

Fiona Robinson  
**Ombudsman**