

The complaint

Mr S complains that Somerset Bridge Insurance Services Limited trading as Go Skippy Insurance didn't send him any correspondence in relation to his renewal, and auto renew as he expected and following an accident, he discovered he wasn't insured.

What happened

Mr S had a car insurance policy taken out through Go Skippy, who were acting as intermediaries for the underwriter. He renewed the policy on 27 August 2021 and was sent his policy documents, which detailed the policy end date of 26 August 2022.

When the policy was due for renewal in 2022, Go Skippy didn't send Mr S any renewal documents, and he didn't realise that his policy had expired until 4 September 2022. He then immediately took out a new policy with Go Skippy.

Unfortunately, in the interim period, on 2 September 2022, Mr S had a car accident in which both his and the third party's cars were damaged. He was at fault for the accident.

Following Mr S taking out the new policy and reporting to Go Skippy that he had had an accident, he made a complaint about the failure to send renewal documents which had left him uninsured and with liability for the repair bills arising from the accident.

Go Skippy accepted that they had failed to issue the renewal correspondence in line with their terms of business and they asked for repair quotes for both vehicles. They also made contact with the third party insurer who had advised that they were dealing with the claim and would then recover funds from Go Skippy.

Go Skippy then changed their view and declined to pay for the repairs. In their final response in early October 2022, they advised Mr S that although they accepted that they had failed to send the renewal correspondence, and that was their error, he had been issued with a letter at the start of his policy detailing the start and end dates, and so he should have known when his policy ended. As a result, they wouldn't be covering all aspects of the claim. They did award him £25 compensation for the failure to issue the renewal correspondence.

Mr S was unhappy with this and brought his complaint to us.

One of our investigators looked into Mr S's complaint. Initially he thought that Go Skippy's offer would have been fair if there had been no impact on him, but as Mr S was involved in a road traffic accident during the 8 days he was left driving with no insurance, the investigator felt that award should be increased to £100. Following further representations from Mr S, he issued a further view in which he said that he thought Go Skippy should pay all costs associated with the claim and also pay £100 for distress and inconvenience.

Go Skippy disagreed with our investigators view, and so the case has come to me to 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.

I am upholding Mr S's complaint and I will explain why.

In Go Skippy's Terms of Business document, it states :

"If your policy is not eligible for automatic renewal we will write, via your preferred method of communication, to you prior to your renewal date to remind you that your renewal is due and to advise you how much the new premium will be."

It is accepted by Go Skippy that this didn't happen - Mr S's policy wasn't set for automatic renewal and neither did Go Skippy send him renewal documents. And so the renewal date passed without Mr S being made aware that his cover had expired.

So in not sending the renewal documents, Go Skippy were in breach of their own terms of business, but also in breach of ICOBS 6.5.1 which details the requirements on insurers and intermediaries at renewal. It requires that:

"6.5.1 Renewals

(3) The firm must provide to the consumer the following information in good time before the renewal:

(a) the premium to be paid by the consumer on renewal;

(b) in a way that is consistent with the presentation of

(a) so that they can be easily compared:

(i) except where (ii) applies, the premium for the policy which the firm proposes to renew, as set out at the inception of that policy;

(ii) where one or more mid-term changes were made to the policy which the firm proposes to renew, an amount calculated by annualising (or otherwise adjusting as appropriate to the duration of the proposed policy) the premium in effect following the most recent mid-term change, excluding all fees or charges associated with those mid-term changes;

(c) a statement alongside (a) and (b) indicating that the consumer:

(i) should check that the level of cover offered by the renewal is appropriate for their needs; and

(ii) is able, if they so wish, to compare the prices and levels of cover offered by alternative providers; and

(d) a statement informing the consumer whether the contract will automatically renew or whether the consumer needs to take action to accept the renewal offer.

(5) The firm must communicate the information in (3) and (4):

(a) clearly and accurately;

(b) in writing or another durable medium; and

(c) in a way that is accessible and which draws the consumer's attention to it as key information."

I also note that in the letter Mr S was sent following the 2021 renewal it said:

"Although you have only just arranged your policy we would like to make you aware that in certain circumstances we may automatically renew a policy and take payment by the same method as the previous year. We will always write, via your preferred method of contact, to advise you beforehand and give you the opportunity to let us know you do not wish to renew your policy.

If we cannot automatically renew your policy we will let you know in writing, via your preferred method of contact, to remind you your renewal is due."

Go Skippy have said that it was Mr S's responsibility to know when his policy ended and to take action to renew. However, I am satisfied that in line with the requirements of ICOBS, Go Skippy's terms of business, and the content of the renewal letter, it was reasonable for Mr S to expect Go Skippy to notify him when his renewal was due, and to rely on this.

As they have failed in their obligations, I would expect Go Skippy to put Mr S back in the position he would have been in if the error hadn't occurred and he had renewed his policy. I have no reason to believe that if he had received the relevant documents, Mr S wouldn't have renewed his policy on time.

Mr S is being pursued by the third party insurer for the repair costs to the third party vehicle, and I'm satisfied that he would not be responsible for these costs if the error hadn't occurred, as he would have renewed his policy on time. So I agree with the investigator, and I will be directing Go Skippy to meet all costs for all parties arising out of the claim and pay compensation for distress and inconvenience. I have included some detail below about how I think the costs should be settled bearing in mind Go Skippy is an intermediary, not the underwriter.

Putting things right

In order to put things right, Go Skippy should:

- Pay all costs arising out of the claim resulting from the accident on 2 September 2022.
 - The third party costs should be settled directly with their insurer and should include all charges that have accrued to date in respect of the claim made by the third party.
 - Mr S's repairs should be settled directly with him following receipt of a quote for repair work to his vehicle.
 - Any policy excess that would have been due under the policy should be deducted from the above payments. The deduction should be made from Mr S's repair settlement first, but if the excess exceeds his repair quote, the remainder will need to be deducted from the third party payment, and Mr S should be notified of any shortfall that he will need to cover.
- Pay Mr S a further £75 for the distress and inconvenience caused to Mr S by their error, bringing the total compensation to £100. This may already have been paid following the investigators view.

My final decision

My decision is that I uphold Mr S's complaint and direct Somerset Bridge Insurance Services Limited trading as Go Skippy Insurance to put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 24 August 2023.

Joanne Ward
Ombudsman