

The complaint

Mrs M and Mr M complain that Liverpool Victoria Insurance Company Limited didn't automatically renew their policy as they should have. As a result Mr M was stopped and fined by the police for not having insurance, which impacted the policy renewal premium.

What happened

Mrs M had a multi cover motor insurance policy with LV which was set to auto renew at Mrs M's request. Although Mrs M is the policyholder, Mr M was a named driver on the policy and he has been directly affected by what has happened.

Mrs M received a letter in December 2022 advising that her car insurance policy would auto renew.

In January 2023 LV sent Mrs M a standard letter inviting her to make contact to renew the policy. A week later they also sent a text message. Mrs M didn't make contact as she had previously been told that in line with her preferences, the policy would auto renew on 25 January.

On 5 April 2023 Mr M was stopped by the police and was told he had no insurance. He contacted LV from the side of the road and took out a new policy, as the renewal had expired. This policy cost a lot more. The police issued him with a fixed penalty notice for having no insurance, which was a £300 fine and 6 points on his licence.

Mrs M and Mr M complained to LV. LV responded that they were satisfied that they had made contact with Mrs M advising her to renew the policy but offered £150 for the distress and inconvenience caused.

Mrs M and Mr M were unhappy with this and brought their complaint to us.

One of our investigators looked into Mrs M and Mr M's complaint and he thought that LV should cover the £300 fine and pay the difference between the annual renewal and the new cover. He also thought that they should pay compensation to reflect the premium impact for the future and pay £250 for distress and inconvenience.

LV 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 Mrs M and Mr M's complaint and I will explain why.

It is accepted by LV that the policy was set to auto renew, and that because of a system glitch at LV, this didn't take place.

So I have to consider whether LV did enough to alert Mrs M to the fact that the policy wasn't going to auto renew, and that she needed to take action to ensure she maintained cover. In December 2022 LV sent the renewal notice to Mrs M which advised

"We'll take your visa payment from the card ending xxxx on 24 January 2023. If you'd like to change how you pay or want to opt out of automatic renewal, you can do so online at LV.com/renew". The cost of the renewal was £905.60

On 15 January 2023 Mrs M was sent a letter which said:

*"Hi [REDACTED]
We recently sent you a renewal quote as your cover ends at 11.59pm on 24 January 2023. If you haven't done so already, please read through the details – you can then renew quickly online at LV.com/renew or call us. If you've renewed with us in the last few days, or you don't need us this year please ignore this reminder"*

As LV didn't hear from Mrs M they sent a text on 22 January which said:

"Hi [REDACTED]. Your policy is due for renewal on 25/1/23. You can renew online at LV.com/renew

I've thought about whether these messages make it sufficiently clear to Mrs M that her previous instructions about auto renewal had failed and that in order to maintain cover she needed to make contact. I don't think they do. There is no explicit notification by LV that the auto renewal will no longer take place and that Mrs M needs to make a manual payment. The notifications sent are of a standard type sent out at renewal time and tell Mrs M to ignore them if she has already made payment. As the renewal date hadn't yet passed – the date on which Mrs M was expecting the payment to be debited from her account - I think it was fair for Mrs M to not take any action in respect of these messages, and to assume that the planned auto renew would still take place as arranged. I can understand why she didn't think these later notifications were relevant to her as she had an arrangement in place for autorenewal, which reflected her references, and was in line with what had happened in previous years.

And so I'm satisfied that the consequences that occurred as a result of the failure to auto renew are something that LV should compensate Mrs M and Mr M for in order to put them back in the position they would have been in if the policy had auto renewed as expected.

Putting things right

To put things right I think that LV should pay Mrs M and Mr M :

- £300 in respect of the fine Mr M received in the fixed penalty notice
- The difference between the annual renewal premium amount and the new cover premium taken out on 11 April 2023
- Compensation for the future losses that will be incurred due to increased premiums. To calculate this, LV should take the cost of the difference between the two premiums, multiply it by four to reflect the remaining number of years it will affect the premiums for, and then divide this figure by two. The figure arrived at should be paid to Mrs M and Mr M.
- An additional £100 bringing the total compensation for distress and inconvenience to £250 – I understand that LV have yet to pay the £150 previously awarded

My final decision

My decision is that I am upholding Mrs M and Mr M's complaint and asking Liverpool Victoria Insurance Company Limited to put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 27 September 2023.

Joanne Ward
Ombudsman