

The complaint

Miss F complains about Hiscox Underwriting Limited continuing to take payments for her home insurance policy after she'd decided not to renew her policy and take out cover with another insurer.

Hiscox use agents to administer the policy and to assess claims. Reference to Hiscox includes these agents.

What happened

Miss F had a home insurance policy with Hiscox, which she took out in 2018. When the policy came up for renewal in March 2022, she decided not to renew the policy as the premium offered was too high. So, she took out a policy with another insurer. However, she subsequently noticed Hiscox had continued to collect monthly premiums until August 2022.

She contacted Hiscox, saying she'd spoken to their underwriter around the time of the renewal date, asking to cancel the policy. Hiscox asked her to send a form setting out the details of the policy she'd had with them to her new insurer, for them to complete and return to Hiscox. Once received, Hiscox would consider whether they would refund the premiums they'd continued to take. However, Miss F said she couldn't get her new insurer to complete and return the form, so wasn't able to get a refund of the premiums Hiscox had taken.

Miss F then complained to this service. She said Hiscox had taken five monthly premiums of £80.04 from April to August 2022. She wanted Hiscox to refund the premiums deducted.

As Miss F complained to this service before raising a complaint with Hiscox, our investigator asked Hiscox to consider the complaint in the first instance. In their final response, Hiscox said they'd emailed renewal documents to Miss F in January 2022, which said the policy would automatically renew unless Miss F contacted them to advise otherwise. Hiscox couldn't find any record of Miss F having contacted them to cancel the policy, so they concluded they hadn't acted incorrectly. So, they didn't uphold the complaint.

However, they accepted (from documents provided about Miss F's new policy) that a period of dual insurance had occurred (Miss F had policies from Hiscox and her new insurer in place from March to August 2022). Hiscox had asked Miss F to get her new insurer to complete a form and return it to them. However, the form had been completed by Miss F (not her new insurer) so Hiscox wouldn't accept it. But if the form was completed by the new insurer and returned to them, Hiscox would refund 50% of the premium Miss F had paid under her policy with Hiscox. The refund would be 50% as had there been a claim in the period, Hiscox and the new insurer would have shared eligible costs equally. As an accepted practice in cases of dual insurance, Hiscox said they'd expect the new insurer to similarly refund half of the premium Miss F had paid over the period.

Miss F wasn't satisfied with Hiscox's final response, so asked this service to consider her complaint. She said she had phoned Hiscox to cancel her policy and it wasn't her fault Hiscox couldn't locate a record of the call – though she accepted she hadn't cancelled the direct debit mandate she'd given Hiscox to take premiums under the policy. She'd provided

evidence of the new policy she'd taken out from the date her policy with Hiscox had been due to end so she thought she should receive a 100% refund of the premiums she'd paid to Hiscox over the period.

Our investigator upheld the complaint, concluding Hiscox hadn't acted fairly. He thought it wasn't clear Miss F had contacted Hiscox to cancel her policy. In cases of dual insurance, our approach as a service would be for each insurer to refund 50% of the respective premiums (as had there been a claim in the period of dual insurance, each insurer would have been liable for 50% of the cost). There was enough information available about the new policy to ask Hiscox to refund 50% of the premiums, without the need for the new insurer to complete the form.

Miss F disagreed with the investigator's view and requested an ombudsman review the complaint. She thought the dual insurance situation didn't apply, and her policy with Hiscox was void for the period, so Hiscox should refund 100% of the premiums they'd collected.

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.

My role here is to decide whether Hiscox has acted fairly towards Miss F.

The main element of Miss F's complaint is she contacted Hiscox to cancel her policy in March 2022. But Hiscox didn't cancel the policy and continued to collect premiums through direct debit until August 2022. Miss F wants Hiscox to refund 100% of the premiums they took. Hiscox say they have no record of Miss F contacting them to cancel the policy, and as the policy was issued on an automatic renewal basis and they had no record of Miss F contacting them to cancel the policy, they didn't act incorrectly in taking the premiums. And they would refund 50% of the premiums on receipt of a completed form from the new insurer and expect the new insurer to refund 50% of the premiums they'd taken. Additionally, Hiscox say Miss F hasn't followed the process in cases of dual insurance, by getting her new insurer to complete a form and return it to Hiscox.

Looking at Miss F's policy documents with Hiscox, they clearly indicate the policy would automatically renew unless Miss F rescinded the automatic renewal facility. So, Miss F would have either had to do this, or contact Hiscox to cancel the policy.

Miss F says she contacted the Hiscox underwriter to cancel the policy around the time of its renewal. I've seen reference in an email from Miss F that she 'vaguely remembers' contacting the underwriter. However, Hiscox say they have no recollection of Miss F contacting them. And Miss F hasn't provided any evidence (such as a record of phone calls) to support her view. Based on this, I can't reasonably conclude Miss F contacted Hiscox to cancel the policy.

That being so, the policy would have automatically renewed, and the premiums collected by direct debit. That's what happened, until Miss F noticed that five monthly direct debits had been collected (she cancelled the direct debit, so the sixth payment wasn't taken). In the circumstances, I've concluded Hiscox didn't act unreasonably in thinking Miss F wanted the policy renewed, and automatically renewed it and collected five monthly premiums. I've considered that – had Miss F cancelled the policy – she would have received confirmation from Hiscox of the cancellation. As Hiscox didn't think she'd cancelled the policy, no such confirmation was sent. I think Miss F should reasonably – not receiving a confirmation of cancellation and the direct debits continuing – have known the policy hadn't been cancelled and continued.

From the documentation provided, I can see Miss F took out a policy with another insurer from the date her policy with Hiscox would have been due to end (had it not automatically renewed). So, there was a period in which she had two home insurance policies in place. This means there was a dual insurance situation – I don't agree with Miss F's view that the Hiscox policy was void.

That being the case, it's reasonable (and in line with our approach as a service and general insurance industry practice) for a policyholder to receive a refund of 50% of the respective premiums paid to each insurer. That is what Hiscox sought to do in asking Miss F to get her new insurer to complete a form to this effect, and for them to return it to Hiscox. I can see there were then issues about the completion of the form (by Miss F, rather than the new insurer) and then the new insurer raising data protection issues about completing the form and returning to Hiscox.

However, given my conclusions above, I'm satisfied that a dual insurance situation occurred and so it's reasonable Miss F receives a 50% refund of the premiums taken by Hiscox through to August 2022. From the information available, it seems five monthly direct debits, each of £80.04, were collected by Hiscox. Applying a 50% refund to these payments would mean a refund of £200.10.

It would be for Miss F to contact her new insurer to pursue a 50% refund of the premiums she paid under her new policy for the period.

My final decision

For the reasons set out above, it's my final decision that I require Hiscox Underwriting Limited to:

- Refund Miss F 50% of the five monthly premiums they collected under her policy (a total of £200.10).

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 30 October 2023.

Paul King
Ombudsman