

The complaint

Mrs E and Mr D complain that UK Insurance Limited (UKI) failed to process Mrs E's policy renewal correctly meaning no cover was in place, under her motor insurance policy.

I'll refer to Mrs E in my decision for ease.

What happened

On 31 January 2023 Mrs E says she called UKI to advise of a change in marital status and to amend the named driver's occupation. She confirmed the policy should be left to auto-renew. On 16 February she noticed no payment had been taken. She contacted UKI and was told the policy hadn't renewed. The policy was put in force, but UKI wouldn't backdate it to the original renewal. This meant there was a period when no cover was in place.

Mrs E says the gap in insurance could impact her in the future if she has to explain this to a new provider. She says she is an insurance professional, and her reputation could've been affected. Mrs E says UKI shouldn't offer compensation that then 'drops away' when a short complaint becomes a long complaint. She says Churchill should amend its systems and processes so that this doesn't happen in future.

In its complaint response UKI says the failed renewal was due to a system fault. It says if anything had happened during this period it would've looked to indemnify Mrs E. It says it cannot backdate the renewal as per its business processes.

Mrs E wasn't satisfied with this response and referred the matter to our service. UKI then offered a further resolution to include a compensation payment for £50. Our investigator didn't think this was fair as it had offered Mrs E £60 compensation in an earlier contact. UKI then offered an increased payment for £100, which Mrs E didn't agree to. Our investigator asked UKI to provide a letter confirming Mrs E would've been indemnified during the gap in her insurance. He also asked it to provide a response to all of Mrs E's concerns.

UKI provided a letter of indemnity to Mrs E dated 24 August 2023. It subsequently provided a response to her remaining concerns. Our investigator upheld Mrs E's complaint. He thought it should've provided an indemnity letter. And says it didn't offer fair compensation until after Mrs E's referral to our service. But he accepted its comments that it was illegal to backdate an insurance certificate.

Mrs E didn't think the compensation offered was sufficient. She says both her and the named driver were affected by this issue and maintains that UKI's processes are flawed. Because she didn't agree, Mrs E asked that an ombudsman consider her complaint.

It has 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.

Having done so I'm upholding Mrs E's complaint. I agree with the outcome our investigator set out. This means I won't be adding to it. I understand this will come as a disappointment to Mrs E, but I'll explain why I think my decision is fair.

There's no dispute that Mrs E gave instructions for her policy to renew. UKI acknowledges this didn't happen due to a problem with its systems and says its technical team has been working on the problem. Mrs E raised a number of concerns and criticisms of the systems and processes UKI has in place. I can see that it provided a response to these concerns, but that she remained dissatisfied.

I'm sorry Mrs E isn't satisfied with the responses UKI provided. I can understand why she was concerned about the consequences of having no cover in place. As well as the need to explain a gap in cover to future insurers. But it's not the role of our service to tell UKI how it should operate its business. This is something that more appropriately falls within the remit of the Financial Conduct Authority (FCA). It is the regulator for the insurance industry. Our role is to consider individual complaints and decide whether a business has treated its customer fairly. This is what I'll focus on here.

I think it's fair that UKI wrote Mrs E a letter to confirm she was indemnified between 2 and 16 February 2023. This represents the gap in cover due to the failed renewal. Mrs E can show this letter to any future insurer if the need arises. It took until August for UKI to provide this letter, and I accept Mrs E was concerned during this period. I can see that indemnity was mentioned in its original complaint response. But I understand Mrs E's concerns that the wording provided wasn't specific enough.

I've thought about Mrs E's comments that UKI should've backdated her policy start date. In its submission to our service UKI provided information from its underwriters. This says it is illegal to backdate insurance on a vehicle or to produce a backdated certificate for cover that did not exist at the time. Mrs E hasn't provided information that shows this to be inaccurate. I note her comments that this isn't commercially sensitive information and UKI could've confirmed this earlier. I agree that this would've been helpful as its complaint response referred to this restriction being due to UKI's business process, not that it was illegal.

Because of this, and for the inconvenience and distress UKI caused due to its error, I think a compensation payment is appropriate. But as discussed I think UKI's offer of £100 is fair so, I won't ask it to increase this amount.

Finally, although I note Mrs E's concerns about UKI's complaint handling, this isn't a regulated activity, which means it's not something I'm able to comment upon here.

My final decision

My final decision is that I uphold this complaint. UK Insurance Limited should:

- pay Mrs E £100 compensation if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Mrs E to accept or reject my decision before 26 December 2023.

Mike Waldron
Ombudsman