

The complaint

Mr and Mrs C complain that Liverpool Victoria Insurance Company Limited (LV) unfairly cancelled their home insurance policy.

Mr C has been the main correspondent in this case, but the complaint is in joint names. So for ease I'll mainly refer to both Mr and Mrs C in this final decision.

What happened

The background of this complaint is known in detail to the parties involved, so I've summarised what I've found to be the key points.

- Mr and Mrs C had a home insurance policy with LV which was set to automatically renew each year with the payment for the premium being debited from Mr C's bank account.
- Mr C changed his bank account but says he was told by his bank that any existing payments or direct debits would automatically switch over to his new account.
- In July 2023 Mr and Mrs C attempted to make a claim on their LV home insurance policy for potential subsidence. But LV told them that when it attempted to collect their annual premium at the 2022 renewal, the payment declined, and the policy was cancelled as a result. It said it couldn't offer them a new policy due to the possible subsidence.
- After speaking with his bank about the failed payment to LV, Mr C says he was told that the payment instruction for his LV policy didn't automatically switch to the new bank account as he expected. Therefore, LV's attempt to collect the premium in 2022 was to an account that was no longer active, which is why it failed.
- Mr and Mrs C explained this to LV, asking it to reinstate their policy as they didn't think the payment error was their fault. They also said LV hadn't made them aware of the issue before cancelling the policy and so they didn't think it had acted fairly.
- But LV said it had emailed them on several occasions prior to cancelling the policy notifying them of the renewal and the consequences of non-payment. When it didn't get any response, it cancelled the policy in line with its process. So it was satisfied it had acted fairly and didn't agree to reinstate Mr and Mrs C's policy.
- Mr and Mrs C brought a complaint to this Service. They said they hadn't seen LV's correspondence on the matter because it was sent to an email address that Mr C rarely uses. They said LV should've tried to contact them by other methods such as post.
- Our Investigator didn't uphold Mr and Mrs C's complaint. He said he couldn't hold LV responsible for the payment failing as it was unaware of any bank account changes and so acted correctly by attempting to take payment from the account details it had.
- The Investigator was satisfied LV made reasonable attempts to notify Mr and Mrs C before cancelling their policy using the contact details they'd provided to it. So they didn't recommend that LV do anything differently in this case. Mr and Mrs C

disagreed, so the complaint was passed to me to make a final decision.

- I've only considered the actions of LV in this case. If Mr C wishes to pursue any complaint about his bank this would have to be raised and considered separately.

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've decided not to uphold this complaint. I understand this outcome will likely come as a disappointment to Mr and Mrs C and I do empathise with the situation they're in. But I'll explain my reasons for my final decision below.

From what I've seen, LV sent two renewal letters and a notice of cancellation to Mr C's email address before ending the policy. Mr C has since confirmed that the correspondence did reach his email inbox, but because he doesn't regularly access it, he was unaware of this until he spoke with LV regarding his claim. And by that point it was too late to rectify matters. Mr and Mrs C say LV should've contacted them by post, as that's what they expected it to do. They say they would have seen postal correspondence and been able to take action.

I understand Mr and Mrs C's point that it may have been helpful for LV to communicate with them via more than one method. But LV says it's always sent correspondence to the email address it had for Mr and Mrs C on its system. This is backed by evidence showing that emails to this address have been LV's main method of communication with Mr and Mrs C at policy renewal, including but not limited to the most recent renewal prior to the one in question. So I'm persuaded Mr and Mrs C should've reasonably been aware that the renewal documentation would most likely be sent this way again in 2022.

LV says it has no record of Mr and Mrs C contacting it to change this method of communication – or to let it know the email address was no longer in regular use. With all that in mind, I don't think that LV acted wrongly in this case by sending the correspondence it did to the email address it held on its system. Mr and Mrs C may well not have seen this information, but that isn't LV's fault in this case.

I've considered all of Mr and Mrs C's comments, including their point that regardless of how the correspondence was sent, they say the bank made an error which led them to believe they'd paid for the policy and were still insured. Therefore, they don't think it's fair they're being held responsible for something they believe wasn't their fault.

But the complaint I'm deciding in this case is against LV, so I can only look at its actions. And in doing that, I'm satisfied for the reasons already set out that LV acted correctly by attempting to take the payment from the account it believed to be accurate as it hadn't been told otherwise. And I don't think it's unreasonable that after notifying Mr and Mrs C of the issues, it cancelled their policy in line with its process when the required policy premium wasn't received. So these points don't change my conclusion.

It follows, I don't think LV acted unfairly in this case, and on balance, the information I've seen doesn't persuade me that it would be fair or reasonable to direct LV to reinstate Mr and Mrs C's home insurance policy. Therefore, I don't uphold this complaint and won't be directing LV to do anything further.

My final decision

For the reasons set out above my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 18 April 2024.

Rosie Osuji
Ombudsman