

The complaint

Mr K complains about Aioi Nissay Dowa Insurance UK Limited trading as Toyota Motor Insurance (“ANDIL”) and their refusal to provide him with a new motor insurance policy after encountering issues finding his new address during the renewal process.

What happened

The claim and complaint circumstances are well known to both parties, so I don’t intend to discuss them in detail. But to summarise, Mr K held a motor insurance policy underwritten by ANDIL. In early September 2023, he received his renewal documents to renew this policy. But these documents listed his previous address. So, he contacted ANDIL to update his address for the purposes of his insurance.

ANDIL were unable to find Mr K’s new address on their systems, despite escalation to their IT and underwriting departments. So, the day before Mr K’s policy was due to renew, they confirmed they wouldn’t be able to provide him with cover. Mr K was unhappy with how long this left him to find a new policy and to recognise this, and ANDIL agreed to provide Mr K with temporary, manual cover for seven days.

Mr K sourced alternative insurance during this time. But this was significantly more expensive than the renewal premium ANDIL initially offered. So, Mr K complained to ANDIL about their decision not to provide him cover, and the financial and emotional impact this had.

ANDIL responded to the complaint and upheld it. They recognised an internal system issue had led to them being unable to provide Mr K with cover. And they recognised the impact and inconvenience this caused, offering Mr K £100 compensation which they felt was also fairly reflective of them providing manual cover for seven days, which they thought gave Mr K a reasonable amount of time to find a new policy. Mr K remained unhappy with this response, so he referred his complaint to us.

Our investigator looked into the complaint and didn’t uphold it. They explained ANDIL weren’t obligated to provide Mr K with an insurance policy. But they did recognise the inconvenience Mr K was caused by ANDIL’s internal system issue, and that this wasn’t in dispute. But they thought ANDIL’s decision to provide Mr K with seven days manual cover, alongside a compensatory payment of £100, was a fair resolution to his complaint and so, they didn’t think ANDIL needed to do anything more. When explaining this, they made it clear that ANDIL aren’t responsible for the premium prices set by another insurer, nor did they think they could say ANDIL’s price, if rated against the correct address, would’ve been any less than what Mr K paid.

Mr K didn’t agree. He felt the lack of time he had to source a new policy led to him purchasing a policy at a higher premium than he would’ve needed to, had ANDIL given him a longer period to search. So, he thought ANDIL should be directed to do something more to adequately recognise this. As Mr K didn’t agree, the complaint has been passed to me for a decision.

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 don't think ANDIL need to offer or do anything more than they have already, for broadly the same reasons as our investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

First, I want to recognise the impact this complaint has had on Mr K. I think it's accepted it was Mr K's intention to renew his policy with ANDIL. And I think it's accepted by both parties that an issue with ANDIL's internal systems prevented Mr K from being able to renew his policy as he wished. And, due to the timing of this issue and the time it took ANDIL to try and fix the issue, Mr K was left with little time to source an alternative policy with a new insurer. From what I've seen, I think it's accepted that this resulted in Mr K receiving an unreasonable level of service and so, I'm satisfied both Mr K and ANDIL have accepted ANDIL acted unfairly here. As I don't think this is in dispute, I don't intend to discuss the merits of the complaint in any further detail. Instead, I've turned to what I think does remain in dispute, which is what ANDIL should do to put things right.

Putting things right

Any award or direction I make is intended to place Mr K back in the position he would've been in, had ANDIL acted fairly in the first instance. In this situation, had ANDIL acted fairly, I think they would've been quicker to let Mr K know they were unable to offer him a policy, not that they would've offered him a policy.

I say this because, in line with the rules set by the industry regulator, ANDIL are entitled to decide what risk they are willing to insure. So, they aren't under any obligation to provide Mr K with an insurance policy. In this situation, I've seen internal system notes and screenshots which show ANDIL were unable to locate Mr K's correct address. And so, because of this, they were unable to assess the risk of the policy accurately, as a customer's home address is a relevant consideration. Because of this, I don't think I can say ANDIL acted unfairly when not offering a policy, as I think another insurer is likely to have taken the same decision in the same situation, with the same system fault in place.

So, to place Mr K back in the position he should've been, I think ANDIL should compensate him for his loss of time to source a new policy, and the inconvenience of having to do this in a shorter period of time caused. And when thinking about what this offer should be, I must take into consideration the fact that ANDIL provided Mr K with a seven-day manual policy, to increase the amount of time he had.

I note ANDIL offered to pay Mr K a £100 compensatory payment, which Mr K didn't accept. But having considered this payment, I think it's a fair one that falls in line with our services approach and what I would've directed, had it not already been put forward. I think it fairly recognises the stress and inconvenience Mr K would've been caused by needing to source a new insurance policy in a shorter amount of time than he should've, had ANDIL made him aware they wouldn't be able to offer him a policy sooner.

But I think it also takes into consideration ANDIL's decision to provide Mr K with a manual policy for an additional seven days, to try and mitigate this inconvenience, and the stress this caused. And I do think this was a reasonable amount of time for Mr K to find a new policy overall. So, this is a payment I'm directing ANDIL to pay.

I note this is unlikely to be the outcome Mr K was hoping for. And I want to reassure him I have considered his comments regarding the alternative policy he's purchased, and the difference in cost from the renewal premium ANDIL previously offered.

But ANDIL aren't responsible for the premium prices set by other insurers. If Mr K is unhappy with the premium he's paid with his new insurer, this would be something he'd need to raise directly with them. And I'm also unable to say for certain ANDIL's premium price for Mr K's correct address would've been any less than the prices he found elsewhere, as the renewal premium was risk rated on his old address.

And I've also seen no evidence to show the premium prices he could find after being told ANDIL couldn't offer him a policy were more expensive than they would've been, had ANDIL told him sooner. So, these comments haven't impacted the decision I've reached on this occasion.

My final decision

For the reasons outlined above, I uphold Mr K's complaint about Aioi Nissay Dowa Insurance UK Limited trading as Toyota Motor Insurance and I direct them to take the following action:

- Pay Mr K the £100 they offered to resolve his complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 22 April 2024.

Josh Haskey
Ombudsman