

The complaint

Mr P complains about how Clements Europe Limited ("Clements") offered renewal of his motor insurance policy but then withdrew it when he tried to accept the offer. He says this has cost him significant extra premiums.

What happened

Mr P had a motor insurance policy arranged through Clements which is an intermediary.

His policy was due to renew on 4 July 2023. On 29 May Clements wrote to Mr P offering him renewal of his policy for a premium of £793.25, which was slightly cheaper than the previous year's cover.

About five days before renewal, Mr P called Clements to accept the renewal.

Clements told him that he shouldn't have been offered renewal with that insurer and it had issued the renewal invitation in error. It couldn't offer him cover. Mr P looked elsewhere and took out a policy with another insurer for about £1,422.96.

Mr P complained. Clements apologised for Mr L's inconvenience and offered him £100 compensation.

As Mr P remained unhappy, he brought his complaint to this service. He says that only having five days' notice wasn't enough and he'd had to pay more for his cover because of Clements' mistake. Our investigator looked into Mr L's complaint and thought it would be upheld. She said she wasn't able to calculate the increase in premium Mr P had, but should thought Clements should increase its compensation to £300.

Clements accepted the view but Mr P didn't. Because he didn't agree, his complaint has been passed to me to make a decision.

I issued a provisional decision to allow both parties to consider the matter further:

The renewal offer sent by Clements to Mr P was just that, an offer. This has a meaning in contractual terms and it binds a company to offering cover to Mr P subject to the terms and conditions of the offer.

The offer in this case binds an insurer to accepting the policy as proposed if it's accepted in time. And in this case the renewal only mentions that it must be accepted before renewal by calling Clements.

So, from Mr P's point of view, all he had to do was accept the offer before his old policy expired, and Clements' offer would stand.

There's no mention in the renewal offer about how or when it can be withdrawn by Clements, but if a renewal is going to be withdrawn then it's possible for a company to do this by providing reasonable notice to the applicant.

From the file I can see Clements was told that it couldn't accept Mr P's car on cover on 31 May. But it didn't tell Mr P at all.

Mr P has told this service he rang Clements to take up its offer to him:

"I was informed about cover not being provided when I called them for renewal (based on their renewal quote) and was ready to pay that amount."

I think Clements made a substantial error here and the impact on Mr P was large. It failed to withdraw the quote it'd provided him and what this meant was Mr P was expecting to take out his renewed policy on time and in line with the quotation.

Because he wasn't able to do this, I think he's been put in an unfair position by Clements' actions. He'd been told by Clements he could expect to take out a policy for £793.25, but had to pay £1,422.96 with a different provider.

As I reasonably think the offer was binding on Clements, and Clements made a substantial error when it failed to withdraw the quotation, I think it's fair that Clements pay Mr P the difference in the cost of his policy that he took out. So that is £629.71.

I can also see from Mr P's evidence that he struggled with finding alternative insurance so close to his renewal, and Clements' mistake caused him inconvenience. I've thought about this and I think it should pay him £100 for this.

Responses to my provisional decision

Mr P responded and said he thought Clements should pay him the difference between its quote (£793.25) and what he actually paid for cover (£1,746.84) which is £953.59. He also explained the distress and inconvenience he's suffered since he raised his complaint and he doesn't think £100 is sufficient.

I asked Clements for a timeline of events around Mr P's renewal and a copy of the call Mr P says he made to it to accept the renewal.

It provided a timeline showing that it had contacted Mr P twice by SMS ten and five days before renewal to remind him his renewal was due.

It also said Mr P called it on the date of the second SMS. It says he was told in this call it couldn't cover his vehicle, but it didn't have a copy of the call.

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've considered this situation carefully. Mr P has been clear that he called Clements to go ahead with the policy, which I think reasonably means he called it to accept the quote. I think this is validated by Clements sending him a SMS on that same day about his renewal. I've not seen evidence to say this isn't correct.

It follows I think Clements has acted unfairly here. It knew several weeks before renewal that it couldn't provide cover for Mr P's car, but it didn't tell him in good time before the renewal fell due. It sent him two SMS's about his renewal despite its system not being able to offer cover.

Clements has disputed whether Mr P called it to actually accept the renewal but hasn't provided evidence of this.

But I think it's clear Mr P intended to go ahead with the cover, so I think Clements acted unfairly in declining him at that point given it had known for some time it wasn't able to provide him with the new policy.

So, I think Clements put Mr P in an unfair position as he then had to find cover at short notice elsewhere. Clements needs to pay Mr P's increased costs because it acted unfairly.

Mr P has said he thinks Clements needs to pay him £953.59, which is the difference between what he paid and what his renewal quote was. But Mr P has used the total monthly price from his new provider (including charges for monthly payment), and the base premium (before charges) from Clements, so I don't agree with his calculation.

I can see he's paying by instalments with his new insurer, so it's fair I assume he'd also have paid by instalments if he'd been able to use Clements. This means Clements needs to pay him the difference between £935.96 and £1,746.84, which is £810.88.

As this figure is different to the amount I used in my provisional decision, I'd normally issue a further provisional decision on this basis. But given the passage of time on the case so far and the likelihood that this will take a further period of time to resolve, I'm issuing this as a final decision on the revised amount shown above as I regard it as a minor change.

I've also thought about Mr P's distress and inconvenience. I think it's important I say that in the view, our investigator used a higher amount because she wasn't able to reasonably assess what the uplift in premium might have been due to the closeness of the renewal date. In other words, the figure in the view was partially for Mr P's distress and inconvenience and partly for the uplift in premium.

As I think I've dealt with the premium uplift in my decision above, I'm able to consider the impact of Clements poor service on him. I've thought about this and considered this service's guidelines and I think the figure of £100 is appropriate compensation in this case.

My final decision

For the reasons set out above, it's my final decision that I uphold this complaint. I require Clements Europe Limited to pay Mr P:

- £810.88 in respect of the additional premium he had to pay.
- £100 compensation for his inconvenience.

Clements Europe Limited must pay the amount within 28 days of the date on which we tell it Mr P accepts my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 23 April 2024.

Richard Sowden
Ombudsman