

## **The complaint**

Mr B has complained that EUI Limited automatically renewed his motor policy without his permission. Consequently, he disputed that he owed it £201.83 following the policy's cancellation.

## **What happened**

Mr B bought a motor policy with EUI in November 2022. Like all motor policies, it was an annual policy. Mr B said he was unaware this policy would automatically renew. He said when he saw the renewal quote which he thought was very high, he then found cover elsewhere. Therefore, he is aggrieved that EUI wanted payment of £201.83 for the time on risk plus any cancellation fees until the date EUI cancelled the renewed policy. He doesn't think policies should be capable of being automatically renewed unless the customer specifically 'opts into' that.

EUI said it sells its policies as always set to automatically renew unless the customer specifically 'opts out' of this service. It said all its policy documentation and renewal documentation clearly explained this.

Once Mr B had brought this complaint to this service EUI made a proactive settlement offer to back date the cancellation to the date Mr B obtained his new policy elsewhere. Depending on what the date of Mr B's new policy was, this would then either write off the time on risk plus any fees or alternatively reduce it. This was also provided on the basis that Mr B agreed to not hold EUI responsible for any incidents or claims for the time since the new annual policy began. Alternatively, Mr B could send through a copy of new policy which would confirm that policy's start date. It also offered to pay Mr B £100 compensation.

Mr B didn't agree to this. So, the investigator investigated his complaint. He was of the view that given that all of EUI's policy documentation explained the policy would automatically renew, therefore EUI hadn't done anything wrong. He thought the proactive settlement offer was fair.

Mr B didn't agree so his complaint 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 not upholding this complaint, I'll now explain why.

First please note this service is not the Financial Conduct Authority (FCA), the regulator of insurance companies like EUI. We're a dispute resolution service only. So, we don't set up or decide any regulations at all which EUI or any other insurer must adhere to, as Mr B appears to believe we do. We're simply set up to deal with complaints about financial

companies who are so regulated by the FCA. We cannot ignore or change any regulations either, as we have no authority to do so at all. That all rests with the FCA, not this service.

Furthermore, we don't act on behalf of consumers at all as Mr B believes. We also don't act on behalf of businesses either or indeed champion either party. We are independent of both. This means that we don't act for consumers, or businesses, nor do we take instructions either from consumers or businesses, nor allow either party to direct the course of our investigations; were we to do so, it would compromise our independence and impartiality.

The regulations under which insurers operate are set by the FCA. Automatic renewal is a permitted activity under those regulations provided the insurer ensures it's properly highlighted to the consumers. Therefore, EUI acted completely within the appropriate regulations in having its policies based on automatic renewal happening unless the customer 'opted out'. The regulations permit this, so even though Mr B doesn't agree this is fair, EUI did nothing wrong in setting its policy up like this. However, EUI does need to explain its automatic renewal practice to customer clearly. I consider EUI did this and the following is why I believe this.

When Mr B bought his policy in November 2022, the Welcome Pack that EUI sent to Mr B on 30 November 2022 said the following:

*'Next year's renewal*

*Your policy is due to renew on 30/11/23 and is currently set to renew automatically using the payment details provided unless you tell us otherwise.*

*We'll send your renewal invite in good time before your renewal date, giving your plenty of opportunity to shop around if you so wish.*

*You can change your auto-renewal preference for future renewals, free of charge at any time, by contacting us online or by phone.'*

In the policy document which Mr B also received or could access online it also detailed the following:

*'16. Automatic renewal*

*Before your renewal, we will contact the policy administrator by their chosen method of communication to confirm your policy terms and the renewal premium.*

*Unless you have opted out, we will automatically renew your policy on its renewal date. If we have your permission, we will use the payment details you have provided. It is not always possible to automatically renew the policy. In this case we will write to your last known address before the period of insurance ends.*

*If you do not want your policy to renew, or you want to opt out of automatic renewal, you must contact us before your renewal date to let us know. In this case, your period of insurance will come to an end and your policy will not be renewed unless you tell us otherwise.*

*You can opt in or opt out of automatic renewal free of charge by contacting us online or by phone at any point during the period of insurance.'*

On the front page of the renewal documentation sent to Mr B on 9 November 2023 it says the following:

***'Your Van Insurance Policy is due to automatically renew!'***

*Dear Mr [B],*

*Thank you for being an Admiral customer. Please find enclosed details of your policy for the next 12 months which is due to start on 30/11/23. To keep your van insured and to give you peace of mind we will **automatically renew your policy** based on the information you have supplied, unless you let us know otherwise'*

Then the actual renewal premium, which Mr B said was too expensive, is further down the page.

In the document entitled 'Your Agreement with EUI Limited' it says the following:

***'Important information about your Policy Renewal***

*Unless you have selected otherwise, we will automatically renew your policy on its renewal date and apply for your renewal premium from the payment details you have already provided.*

*...*

*If you do not want your policy to renew, or wish to opt out of automatic renewal, you can do so free of charge when accepting a new policy or by contacting us online or by phone at any time before your renewal date.'*

Therefore, it's clear to me that at every opportunity available, EUI made sure to explain its policy would automatically renew. It not only did this when the policy was being set up initially, but it, very clearly, did this again when it sent the renewal invite quoting the new premium for the next policy year. Further by agreeing to pay the premium and consequently entering into the contract of insurance, the law would deem that Mr B also agreed to the policy being automatically renewed on this 'opt out' only basis too. More so, as he didn't request to 'opt out' of it given EUI explained this process at every available opportunity to Mr B.

Obviously, it's up to the customer or policyholder to read the documents and letters their insurer sends to them. And now with the ability to buy policies online through aggregator comparison websites, the onus is on the customer to read through all the available documents and statements both through the buying process and once the policy is bought, to ensure the policy terms suit their needs. Therefore, there is no advice given to the consumer by the insurer during this process. Mr B said on seeing the premium price for the following year and noting it had increased substantially, he then went elsewhere for his van's policy. In that case considering the renewal invitation itself was headed in capitals **'Your Van Insurance Policy is due to automatically renew!'** I consider Mr B would have had to have seen this at least, even if he ignored EUI's other letters or documents, as he told us he did, as the renewal premium price which was unacceptable to him was further down the same page.

As Mr B never contacted EUI to 'opt out' of this automatic renewal policy, EUI correctly renewed his policy and when the premium remained unpaid, it then cancelled it. Given it had no information from Mr B that he had got a policy elsewhere, it was then entitled to charge him for the subsequent time on risk as it didn't know if Mr B had bought a policy elsewhere at that time.

This is because the regulations as detailed by the FCA, also require insurers to properly notify policyholders if their policy is going to be cancelled so EUI had to send the letter explaining it was intending to cancel the automatically renewed policy. And the regulations

also require it to give Mr B enough time to either pay the premium or indeed note the policy was going to be cancelled as well. So, at every stage, EUI was operating in complete accordance with the regulations. Its actions only occurred because Mr B didn't tell EUI that he didn't want to renew his policy with it and more importantly he didn't 'opt out' of the automatic renewal process before the end of his annual policy term.

So, there is nothing to show me that EUI did anything wrong here, more so since insuring one's vehicle is also a legal requirement, namely the Continuous Insurance Enforcement (CIE). This says it is now a legal requirement for the registered keeper of a vehicle to insure it even if it is not being used and/or is parked on private land. The only exemption to this is if it has a SORN. I will deal with this further below. Certainly, there is no evidence of extortion which Mr B has alleged. The fact that Mr B's present motor insurers has an 'opt in' process for automatic renewal instead of 'opt out' process, is irrelevant as the regulations permit EUI or any other insurer to have an 'opt out' process too. It's also regularly done by other insurers in motor insurance, household insurance and even pet insurance. So, it's not unusual in the annual insurance market and neither is there any evidence that Mr B was specifically singled out and treated unfairly.

So, I don't consider EUI chasing the payment of premium for the renewed policy and then the time on risk period, to be wrong in the absence of Mr B not 'opting out' of automatic renewal. This is because it would naturally include the costs of some time on risk bearing in mind the regulations require EUI to give Mr B coherent notice his policy was going to be cancelled. This is solely because Mr B didn't tell EUI that he wanted to 'opt out' of the automatic renewal process as its documentation clearly directed him to do if he didn't wish for his policy to be automatically renewed.

I also consider EUI's proactive settlement offer to be fair. Given the requirement of CIE, Mr B is under a legal duty to ensure his van was continuously insured. Mr B's new insurance policy started on 6 December 2023. His policy with EUI was cancelled by EUI on 22 December 2023 and was initially due to expire on 30 November 2023 before it renewed automatically. Therefore, EUI has provided cover for Mr B's van from 30 November 2023 to 6 December 2023. Mr B has confirmed in an email to us of 30 March 2024, that his van was off the road for that week which had nothing to do with EUI. He hasn't, though, shown me that it had a SORN for that week. So effectively EUI are entitled to request payment from Mr B for cover for that week, since its policy renewed and there wasn't any other policy in being for that time-period covering Mr B and his van given what Mr B has now said and the details of his new policy.

Had it not offered this settlement, I would have required it to do so now. I also consider its offer to pay £100 compensation to Mr B to be fair also. That's in line with our approach on compensation for such matters. So again, had EUI not offered that, I would have required it do so. It's up to Mr B whether he wishes to accept the offer of £100 compensation. However, it remains EUI is entitled to charge Mr B for the cover it provided from 30 November 2023 to 6 December 2023 on the basis there is no evidence his van was SORN for that time-period. So, as regards the points Mr B made specifically for the ombudsman to address and to reassure him that I have considered his complaint in full:

- The time on risk charges which EUI asked Mr B to pay weren't unauthorized, they arose as Mr B didn't tell EUI that he didn't want this policy automatically renewed and there is some time on risk still owing given the CIE regulations.
- As a result, EUI didn't harass Mr B. Although regardless, it is distressing to be told you have a debt when you clearly believe you didn't owe it. However, that wouldn't have arisen had Mr B availed himself of the option to 'opt out' of automatic renewal, as EUI's correspondence repeatedly explained he could do, if he wished.
- As far as I can see no additional fines were imposed on Mr B. As the EUI policy

renewed automatically, the CIE was adhered to, so there would be no reason to fine Mr B for the lack of insurance on his van in the absence of a SORN for that week.

- This service is impartial and independent not just of insurers like EUI but also of consumers. We aren't supposed to represent either party at all. We are an independent resolution services which is free for the consumer to use.
- Every complainant/consumer and indeed every business too can ask for an ombudsman's decision if they don't agree with the initial investigator's view on the complaint. There has always been this two-stage process in this Service for the resolution of complaints. This is more fully detailed on our website too. So, it's never a case that there is no opportunity for either party to avail of an ombudsman's decision if they so wish.
- Automatic renewal processes in insurance contracts are permitted by the regulations imposed by the FCA, whether of the 'opt in' or 'opt out' variety. There is no disregard of the fact that Mr B believes the 'opt out' variety to be unfair. It's simply a fact that the regulations permit insurers like EUI to do this. Therefore, as EUI clearly and repeatedly informed Mr B that its policies were set to auto-renew, there is no issue that this was an unfair contract term imposed in this specific contract of insurance which Mr B agreed to, in any event by buying it and paying for the premium.

### **My final decision**

So, for these reasons, it's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 27 May 2024.

Rona Doyle  
**Ombudsman**