

## The complaint

Mr and Mrs G have complained that UK Insurance Limited ('UKI') didn't automatically renew their home insurance policy. For the avoidance of doubt, the term 'UKI' includes its agents for the purposes of this decision letter.

## What happened

Mr and Mrs G had expected their home insurance policy to have been automatically renewed by UKI in 2022, as it had done for a significant period in the past. Mr and Mrs referred an insurance claim to UKI in the summer of 2023, and it was only at this point they realised that they no longer had a valid home insurance policy.

Mr and Mrs G complained to UKI that it had cancelled the automatic renewal feature without their knowledge or prior consent. They also complained that UKI had previously sent renewal proposals by post but switched to email correspondence. Mr and Mrs G also felt they'd lost a loyalty discount as a result, and this resulted in distress. UKI didn't change its view on the substantive matter. However, as a *'goodwill gesture'*, it sent £100 to cover some costs related to the claim. Mr and Mrs G were unhappy with this and referred their complaint to this service. UKI later offered an additional £100 compensation due to the service issue.

The relevant investigator didn't uphold Mr and Mrs G's complaint. He concluded that UKI had acted in a fair and reasonable manner in relation to the complaint. Also, he considered whether Mr and Mrs G had lost out on loyalty advantages. He noted that incentives were applied manually when available, and he didn't see enough to link the applicability of personalised quotes with the missed renewal from June 2022.

Mr and Mrs G remained unhappy with the outcome of their complaint and the matter was referred to me to make a final decision in my role as Ombudsman.

## 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 also considered the submissions of the parties as summarised below. I don't uphold Mr and Mrs G's complaint in this case, as I can't say that UKI acted in an unfair or unreasonable manner in the way it responded to the issue of failing to 'auto-renew' the relevant home insurance policy in 2022. I'll explain why.

I turn firstly to Mr and Mrs G's submissions. They'd been loyal customers of the insurer for 15 years. UKI had renewed their policy automatically until 2022. It was a year later that they realised that UKI had changed its policy on 'auto-renewals'. Their policy had therefore lapsed. Mr and Mrs G felt sure that the decision to remove auto-renewals had happened in 2022 and not in 2019. Mr G added that the auto-renewal information would show a *'ridiculous increase in premium'*. Every year, he would then phone the agent and negotiate a premium that would be more realistic and *'normally similar to the premium I was currently paying'*. He said that he would pay an annual lump sum premium payment or direct debit.

Mr and Mrs G queried why would they be expected to change their behaviour and relationship of doing business with the agent and knowingly let the policy lapse. They explained that they were happy not to have their claim honoured but would like the policy to be set up as though the relationship was continuous, as they'd now lost their loyalty discount of £250 as a result of the decision. As to UKI's e-mails. Mr and Mrs G said that these; *'must have been lost in all the other emails I receive, as I'm so wary of fraudsters I tend to and only refer to posted documents.'*

Mr and Mrs G said that UKI had posted their insurance documents for the last 15 years and queried why they could expect this to change now. Finally, Mr G said he received emails in 2022 saying that his insurance had been renewed. It gave a policy number and stated, *'please click here to review your policy documents'*, and that this was confusing. Also, Mr G said that UKI was still using an e-mail account which he'd told UKI not to use on numerous occasions, as it was an account which had been hacked in the past.

In summary, Mr and Mrs G's complaint was to do with UKI's; *'failing to acknowledge how we have always conducted business with them. This really has caused a huge amount of distress for us and even now I am making dairy notes to check my cover to check my policy is still live and our home is protected. I strongly feel they have taken an approach that is not customer friendly and hiding behind "we sent an email". This really does feel like a poor customer experience especially after all the years with have been with them as a customer'*.

In conclusion, Mr and Mrs G said they were now paying more for the same insurance as a result, and this had caused huge amounts of distress, anger, and anxiety. They felt they'd wasted many hours sorting out this issue.

I now turn to UKI's submissions regarding this matter. It said that it had written to Mr and Mrs G via *'E-documents'*; advising that the policy was on a manual renewal and that they would need to contact UKI to renew or would be left without cover. It said it had also sent two 'chasing' letters, recommending that Mr and Mrs G contact UKI if they wanted to renew.

UKI accepted that it did offer an automatic renewal service, but that this wasn't guaranteed. UKI said that its documents made it clear that a policy may automatically renew. However, it said that there were situations, *'for example bank detail changes or system changes where the policy would need to be on a manual renewal'*.

In this case, UKI said that Mr and Mrs G's direct debit was cancelled by their bank. UKI said that its last record of contact from Mr and Mrs G was in May 2021 to renew the policy and change the payment to one lump sum by direct debit.

I now turn to the reasons for my decision not to uphold Mr and Mrs G's complaint. I do have sympathy for Mr and Mrs G and the situation in which they find themselves. I can see that the whole episode has caused them a considerable amount of frustration and anxiety. I've no doubt that it will have come as a shock to find out that they had no insurance cover for a period of over a year. Nevertheless, the onus to ensure that policy cover is in place and that insurance premiums have been paid, does generally fall upon the customer.

Having said this, I can understand that a problem could arise where a customer has come to expect that policy renewal information will be sent as a hard-copy documents by post, and this doesn't happen in a particular year. This is particularly the case where premiums are usually paid automatically by direct debit. It is then possible for the customer to forget to check the position and assume that all is well.

In this case however, Mr G has made it clear that when auto-renewal occurred, he'd often find that a ridiculous increase in premium had occurred, and he would then negotiate the price down. I appreciate that in 2022, he didn't receive the hard-copy documents which would normally act as the prompt to think about home insurance. However, in the light of the usual negotiation exercise, Mr and Mrs G then had a year to realise that the usual processes hadn't occurred. They had an opportunity over this period to double check e-mails, check direct debit payments from their bank, or to telephone UKI. Whilst it could have been much clearer, I don't consider that UKI's e-correspondence in 2022 could reasonably be said to have given Mr and Mrs G assurance that they had cover in place. The correspondence noted a policy number and referenced access to insurance documents online, however I consider that the onus remained upon the customer to check their cover.

I agree that it would have been better if UKI had sent hard copy correspondence, as it had in the past, or to discuss communication preference, and to make it crystal clear that auto-renew wouldn't necessarily apply. However, I see that Mr and Mrs G did have access to e-mails, albeit I note their reasoning for not giving as much credence to e-mail correspondence as to hard copy correspondence. UKI have been able to evidence 'chasing' e-mail letters, recommending that Mr and Mrs G contact UKI if they wanted to renew. I've noted that Mr and Mrs G were later able to refer to e-mails, so I can't say that there was a fundamental issue in accessing them. I'm also not persuaded that Mr and Mrs G couldn't reasonably have realised that they hadn't paid a premium in 2022, whether by direct debit or otherwise.

I note that UKI established that Mr and Mrs G's direct debit had been cancelled by their bank and I'm persuaded by UKI's evidence that this then meant that manual renewal was then trigger. I can't hold UKI responsible for this direct debit cancellation. Nor can I say that UKI's reasoning for then moving to manual renewal was unreasonable.

I note that UKI made a goodwill payment of £100 in relation to the claim itself. It also then offered £100 in relation to the service issues about which Mr and Mrs G have complained. I consider that this was a fair and reasonable response. In all the circumstances, whereas I can understand how Mr and Mrs G felt about the whole episode, I can't say that UKI acted in an unfair or unreasonable manner in responding to their complaint. I therefore don't require it to do anything further, other than to pay the above amounts to Mr and Mrs G.

### **My final decision**

For the reasons given above, I don't uphold Mr and Mrs G's complaint and I don't require UK Insurance Limited to do anything further in response to their complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs G to accept or reject my decision before 11 June 2024.

Claire Jones  
**Ombudsman**