

The complaint

Ms C and Mr H complain that Liverpool Victoria Insurance Company Limited (“LV”) failed to renew their motor insurance policy despite being informed it was set to automatically renew.

Mr H has acted as the main representative during the complaint process. So, for ease of reference, I will refer to any actions taken, or comments made, by either Ms C or Mr H as “Mr H” throughout the decision.

What happened

Mr H received a renewal invite from LV which said his policy was set to automatically renew and gave a price of £664.79. He says he then noticed the premium hadn’t been taken from his bank account, so he contacted LV and they informed him that, due to a system error, his policy hadn’t automatically renewed.

Mr H says he was concerned as this meant him and Ms C had, unknowingly, been driving uninsured for around a week. Mr H says he then asked LV about renewing his policy, but he was given a price significantly higher than the original quote. Mr H then took out a policy with another insurer at a price of £717.74. Mr H then complained to LV and said, despite receiving assurances that his policy was set to automatically renew, this didn’t happen due to an internal error which left Mr H uninsured.

LV responded and explained Mr H’s policy was set to renew on 31 August 2023 and a quote was sent on 1 August 2023 confirming the policy would automatically renew. They said that, due to a system error, the automatic renewal was removed. They said they did contact Mr H on 21 August 2023 to make him aware that the policy was no longer set to automatically renew, and that he needed to contact them before the renewal date to make payment. They said they also sent a text message on 28 August 2023 asking Mr H to contact them to renew his policy – but as they didn’t hear back from Mr H the policy wasn’t renewed. They said, when Mr H then later contacted them to reinstate the policy, the renewal date had passed, and they were unable to do this. LV paid Mr H £100 compensation for the distress and inconvenience caused by their error.

Our investigator looked into things for Mr H. She upheld the complaint, and recommended LV pay Ms C and Mr H the difference between the original renewal quote and what they ended up paying for their policy together with 8% simple interest. She also recommended they increase their offer of compensation to £200. LV disagreed so the matter has come 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’ve decided to uphold the complaint. And, I think the investigator’s recommendation is a fair way to resolve matters.

Firstly, I've looked at the service given to Mr H. The key facts about the complaint aren't in dispute. LV have admitted they got things wrong as a system error led to Mr H's policy not automatically renewing. The only issue I have to decide is whether LV's offer to put things right is fair and reasonable.

I think it's right that LV should compensate Ms C and Mr H for the shock, worry and inconvenience caused by their poor service. To help decide what a fair and reasonable level of compensation should be, I've looked at the error by LV and what the impact of that error has been.

LV, while accepting there was a system error, disagree with our investigator's recommendation as they believe the renewal reminder email they sent made it clear that Mr H needed to contact them to renew his policy. They say they also followed this up with a text message, so there needs to be some onus on Mr H as he didn't then contact LV to query the issue before his policy ended. LV maintain the £100 they offered to acknowledge the inconvenience caused to Ms C and Mr H is reasonable

The information shows LV sent Mr H a renewal invite headed, 'Your LV= Car insurance will automatically renew'. The letter said Mr H's policy was set to end on 30 August 2023 and set out details on how LV would take payment for the renewal. The letter said, "*If you'd like to change how you pay or want to opt out of automatic renewal, you can do so online...Just so you know, we'll send your documents before we take this payment.*" The price quoted for the year was £664.79. Looking at the information in this letter, I don't think Mr H was left in any doubt his policy would automatically renew.

LV then sent an email on 21 August 2023 and attached a letter which was headed 'Reminder, you need to contact us to renew your LV= Car insurance'. The letter explained LV sent Mr H some documents previously as his policy was due to end on 30 August 2023. The letter asked Mr H, if he hadn't done so already, to read through all the details and he could then renew online or by calling LV. The letter also said, "*If you've renewed with us in the last few days, or you don't need us this year please ignore this reminder.*" The email explained the renewal process was simple and asked Mr H to click on a 'renew now' button and follow the instructions. Having not heard back from Mr H, LV then sent a text message a week later which said Mr H's policy was due for renewal on 31 August 2023 and that he could renew online.

I agree LV did send two reminders to Mr H to renew his policy, but Mr H says, after receiving the renewal invite, saying his policy was set to automatically renew, he considered the renewal process complete. He says he then shifted his focus to other tasks under the assumption that no further action was required on his part. Mr H says it's not uncommon to receive various marketing emails from insurers, so when he received the reminder email, he assumed this was a standard marketing communication. Mr H says he can't locate receiving a text message. LV have provided information which shows a text message was sent and I can see this was sent to the correct mobile number for Mr H. So, I'm more persuaded the text message was sent. Mr H also says he called LV when he discovered payment hadn't been taken and was given a quote which was significantly higher than the original quote. LV say they've searched their system but don't have any record of Mr H's call, and they also don't have any evidence which shows they generated a second quote for Mr H. So, I can't comment on any second quote as I haven't seen any evidence one was provided.

Taking this all into account, I'm not persuaded, in the circumstances of this case, that it was unreasonable for Mr H to have not taken any action following the reminders being sent. I say this because the renewal invite, which Mr H would've been expecting, clearly confirms that LV will be taking payment for the premium and Mr H's policy will automatically renew. So I

don't think it was unreasonable for Mr H to then assume the process would be completed automatically and without any further action on his part.

I accept there were two reminders which followed, but looking at the content of these, and also considering these in light of Mr H's reasonable assumption that the renewal process would be completed automatically, I don't think the reminders went far enough to alert Mr H that there was an issue. A business should provide information which is clear, fair and not misleading. And in this case, I don't think LV have met this as the reminders gave Mr H no indication that a problem had occurred and what the potential consequences of that was for Mr H's renewal. I've also considered this point under the consumer understanding outcome of the Consumer Duty principle. This says that businesses must give consumers the information they need, at the right time, and presented in a way they can understand. That way they can make informed decisions.

The reminders don't alert Mr H to the fact that a system error had occurred which meant that, contrary to what the renewal invite said, his policy won't automatically renew. I acknowledge the letter sent with the email reminder did contain a heading which explained Mr H needed to contact LV to renew his policy, but it also confirmed Mr H could ignore the reminder if he'd renewed in the last few days. I accept Mr H hadn't taken any steps to renew his policy in the previous few days, but he confirms he was still of the understanding his policy was set to automatically renew. And while I accept the renewal invite – upon which Mr H's assumption of automatic renewal was based – was sent more than a few days before, I'm still not persuaded the reminders were specific enough to alert Mr H about there being a problem. In the circumstances, I think LV should've made it clear to Mr H that a system error had occurred, and his policy will now no longer be automatically renewing. I believe, in the circumstances of this case, this would've ensured LV gave Mr H the information he needed, at the right time, presented in a way Mr H could understand, and would've enabled him to make an informed decision. Because LV didn't do this, Mr H was left in the foreseeable position that he was left uninsured.

So, given that I think there has been an error here, I've thought about what steps LV should take to put things right. Given that Mr H was under the impression his policy was automatically renewing, and he took no steps to opt out of this or contact LV to say he didn't wish to renew his policy, on balance I'm more persuaded that Mr H would've ended up paying the renewal price of £664.79. So, given that it was LV's error which meant that the policy didn't automatically renew, and Mr H then ended up paying a higher price of £717.74 because LV could no longer offer the original price, LV should pay Mr H the difference of £52.95 together with 8% simple interest per year from the date Mr H paid the premium to his new insurer to the date of settlement.

I've also considered the shock, worry and inconvenience caused to Ms C and Mr H. It's clear both Ms C and Mr H were very shocked when they found out they'd been driving uninsured for a week. And it remained a worry for them until such time as they found alternative cover. There was also inconvenience in having to search around for a policy which met their needs - and having to do so at short notice.

So, taking into consideration the impact on Ms C and Mr H, I don't think LV's offer of £100 goes far enough to recognise the impact on them. I think there has been a higher level of shock, worry and inconvenience caused to Ms C and Mr H above what LV have acknowledged in their offer of £100. So, taking into account the full impact on Ms C and Mr H, I think LV should increase their offer of £100 by an additional £100, bringing the total compensation to £200.

Putting things right

I've taken the view that LV have made errors as set out in my decision. So, LV should pay Ms C and Mr H £52.95 together with 8% simple interest per year on this amount from the date Mr H paid for his premium to his new insurer to the date of settlement. LV should provide Ms C and Mr H with a certificate showing any taxation deducted. And, in addition to the £100 already offered, LV should increase their offer by an additional £100 for the shock, worry and inconvenience caused to Ms C and Mr H – bringing the total compensation paid for this complaint to £200.

My final decision

My final decision is that I uphold the complaint. Liverpool Victoria Insurance Company Limited must take the steps in accordance with what I've said under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C and Mr H to accept or reject my decision before 21 October 2024.

Paviter Dhaddy
Ombudsman