

## **The complaint**

Mr B complains that his car insurance policy with Liverpool Victoria Insurance Company Limited ("LV") increased substantially in price following his old policy failing to renew.

## **What happened**

Mr B had a motor insurance policy with LV. This complaint is about his car insurance, but I'll also mention he had a home insurance cover with LV due to renew at the same time. I'll also mention his car insurance was for two cars.

His policies both came due for renewal in late November 2023. When LV sent him the renewal details, he noticed that the prices had increased quite a lot.

He searched the market and took out home cover elsewhere. His car insurance was set to automatically renew, which he wanted to happen.

LV sent him an email saying his car policy was renewed, subject to payment being taken. But his credit card had expired so LV couldn't take payment. It emailed him and told him payment failed. Mr B acknowledged he'd not opened the email as he thought it related to his home cover.

Because he hadn't paid, LV emailed him again and told him that his car policy had been cancelled.

Mr B realised what had happened and he asked for cover. The price had increased from £853.55 to £1954.92. He felt obliged to take out cover at this much higher premium. He complained about the price change. LV told him it'd given him a new policy price as it couldn't renew his old policy.

Mr B remained unhappy and brought his complaint to this service. Our investigator looked into his complaint and thought it wouldn't be upheld.

Mr B asked that his complaint was reviewed by an ombudsman, so it's has been passed to me to make 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.

I'm not upholding Mr B's complaint and I'll explain why.

It may help Mr B to understand why LV couldn't renew his old policy rather than give him a new quote. It's likely because it's not possible to backdate cover on a motor policy. What that meant for Mr B was that there was a small gap in cover, as his old one had expired about 8-9 days before, so his policy couldn't be renewed.

I can see Mr B wasn't happy about the premium increase, and LV told Mr B he could cancel

within the 14-day 'cooling off' period. The implication here is he could try and find cover elsewhere that he may find more reasonable. I think this is a fair response.

Mr B has admitted he failed to notice the importance of the email he was sent about his expired card, and without wishing to labour the point I think he's now realised how important any notices sent by his insurer can be.

LV has supplied this service with evidence about why Mr B's price had increased substantially between his renewal and buying the 'new' policy. I've looked at the pricing methodology LV has used and I agree it's acted in line with that.

Mr B has said he's not satisfied that LV, and this service, are simply able to determine whether this calculation is fair when he's not able to look at the evidence behind it. The way LV applied its pricing is commercially sensitive and confidential, so it's not something that can be shared. This service is independent and as I mention above, I've looked at how LV generated Mr B's new premium and it's fair, even though I know Mr B doesn't agree.

In its final response to him, it explained that:

*"Renewals are reviewed to ensure that the premium increase year-on-year is moderated, while a [new quote] has no such elements included. This is where the significant difference in premium lies between the renewal and [new quote] prices.*

*In addition to that, the [new quote] was rated on a slightly more recent tariff, which has further inflationary increases in numerous rating steps and has further added to the premium difference."*

I think this explains well why the 'new' price he was offered was substantially higher than the renewal price he'd been given, but mistakenly declined.

It follows that I don't think LV has acted unfairly in how it handled Mr B's renewal and subsequent new policy and I'm not upholding his complaint.

### **My final decision**

For the reasons set out above, my final decision is 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 8 November 2024.

Richard Sowden  
**Ombudsman**