

The complaint

Ms B and Mr R complain about U K Insurance Limited (“UKI”) and the decision to refuse the renewal of their joint home insurance policy.

Mr R has acted as the main representative during the claim and complaint process. So, for ease of reference, I will refer to any actions taken or comments made by either Mr R or Ms B as if they were made by Mr R throughout the decision where appropriate.

What happened

The complaint circumstances are well known to both parties, so I don’t intend to list them chronologically in detail. But to summarise, UKI refused to renew the home insurance policy held by Ms B and Mr R after the previous policy period had expired. Mr R was unhappy about this, so he raised a complaint.

Mr R didn’t think UKI had acted fairly, or in line with Consumer Duty, when refusing to renew the insurance policy. He didn’t think it was reasonable for UKI to make this decision based on the claims he had made on the legal expenses section of the cover, considering the principal purpose of the home insurance policy was to insure his buildings and contents. And he didn’t think there was any wording with the policy terms and conditions that made it clear UKI could do this. Mr R also raised concerns with the service he received on the call he made when raising this issue. So, he wanted to be compensated for the above.

UKI responded to the complaint and upheld it in part. They accepted Mr R was held on hold on the call for longer than he should’ve been. So, they paid Mr R £30 to recognise any inconvenience this caused. But they thought they acted fairly when refusing to provide cover for another year, as they felt it was within their rights to decide if they wanted to accept the risk associated with insuring Mr R. So, they didn’t think they needed to do anything more for this aspect of the complaint. Mr R remained unhappy with this response, so he referred his complaint to us.

Our investigator looked into the complaint and didn’t uphold it. They explained they had seen UKI’s underwriting criteria and they were satisfied UKI had acted in line with them when deciding not to provide cover. And they thought UKI were within their rights to take this decision. They also didn’t think UKI were unfair when not explaining they could do so within the terms and conditions of the policy. And they thought the £30 payment was a fair one to recognise the handling of the call. So, they didn’t think UKI needed do anything more.

Mr R didn’t agree, providing several arguments setting out why. These included, and are not limited to, his continued belief that UKI had failed to act within Consumer Duty when refusing to provide cover. And he maintained his belief that the policy terms were unclear by not explaining this was action UKI could take. Finally, Mr R was unhappy that the underwriting criteria UKI could not be disclosed, setting out why this information should be made available to him. As Mr R didn’t agree, the complaint was passed to me for a decision.

On 12 September 2024, I issued a provisional decision explaining my intention to not uphold the complaint. In that decision I said:

“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, it’s my intention not to uphold the complaint for similar reasons to the investigator. But I think it would be appropriate for me to comment on some of Mr R’s arguments in more detail first.

First, I want to make it clear that I have seen UKI’s underwriting criteria. And, that this underwriting criteria is commercially sensitive information and so, UKI are not obligated to share this with Mr R, nor is our service able to describe what it contains.

But what I can say is that having reviewed this information, I’m satisfied that UKI acted within these criteria when taking the decision not to offer Mr R the option of renewing his joint home insurance policy. And that these criteria took into consideration all the claim information they had available, not just information about any claims Mr R made on one particular aspect of the policy they provided, which falls in line with standard industry approach.

So, while I recognise why Mr R refuses to accept this without seeing it himself, this is not something that is possible on this occasion, nor is it something our service can direct. And I also want to make it clear that, while Mr R may feel this is unfair, a business is entitled to set their own criteria on what risk they are willing to insure. And as this falls under a businesses own commercial processes, any issue Mr R has about the fairness of this would need to be directed to the industry regular, the Financial Conduct Authority (“FCA”), rather than ourselves.

So, I do think UKI’s decision not to provide cover was a reasonable one, based on the underwriting criteria they work within. But I think it would be useful for me to comment on Mr R’s comments regarding Consumer Duty, and the clearness of UKI’s terms and conditions.

It’s not in dispute that UKI’s terms and conditions don’t set out that they are able to refuse cover at the end of a policy period. And I’ve thought carefully about why Mr R thinks this is unreasonable, and why it breaches Consumer Duty.

Given the complaint being raised by Mr R, I believe the relevant Consumer Duty outcome he’s referring to here is consumer understanding. This requires businesses to 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.

An insurance policy acts as a contract between a consumer and insurer – and where this relates to an annual policy, as in this case, there’s no obligation on either the insurer to offer a renewal after the original policy lapses, or for the consumer to accept a renewal. An insurer will consider the presentation of risk each year at renewal to decide whether to offer a renewal and, if so, the terms of that renewal.

I’ve carefully read through the terms and conditions of the policy Mr R held. And within the “Automatic renewal” section of the policy it explains the following:

“In some instances, we may be unable or choose not to offer renewal terms. If so, we will write to you at your last known address to let you know”.

So, based on this, I think UKI did give Mr R the information he needed, at the right time, in a reasonable way that could be understood as it was made clear at the beginning of that policy period that UKI may choose not to offer renewal terms. And this is what they did here.

So, while I appreciate why Mr R feels UKI have acted unfairly and I don't doubt his unhappiness that he is unable to renew his policy with them, I don't think I can say UKI have done anything wrong, or breached Consumer Duty, on this occasion for this aspect of the complaint. So, I don't think they need to do anything more regarding this complaint issue.

And in terms of the service provided to Mr R on the call, I note it's accepted by UKI that they could've done better. So, I don't think the merits of this issue is in dispute. But having considered the £30 compensatory made, I think this payment is a fair one that falls in line with our service's approach and what I would've directed, had it not already been made.

I think it fairly compensates Mr R for the inconvenience he would've been caused, while fairly reflecting this error happened on one call in isolation. So, I think the payment is proportionate and fairly addresses the impact caused to Mr R.

So, while I recognise Mr R feels strongly about his complaint and the fairness of how insurers can decide what risk they are willing to insure overall, it's my intention to not uphold the complaint."

Responses

UKI responded to the provisional decision confirming they had no further comments to add. So, I think it's reasonable for me to assume they accepted it.

But Mr didn't, stating his belief that the service had failed to act in accordance with the Consumer Duty rules when applying them to his situation. Our service invited Mr R to provide more detail setting out why he felt our service had failed to interpret and apply the Consumer Duty rules correctly, in line with our casework process. And he provided a link to our service's website which he felt showed my provisional decision was contradictory to the service's own publications.

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 won't be changing my original conclusions and so, I'm not upholding this complaint. And I'll explain why. My provisional decision that's been provided to both parties, and is set out again above, already sets out clearly why I intended to not uphold the complaint. So, I won't be repeating the points I made within it again.

But I want to reassure Mr R I have considered his belief that our service has failed to apply the Consumer Duty rules correctly, and that it is contradictory to other publications.

But while I recognise Mr R remains unhappy with this, and the decision initially provided, I've seen no further evidence that persuades me my original decision was incorrect, or unfair. I think I've already set out clearly why I think UKI acted fairly, and that they weren't in breach of the applicable Consumer Duty rules. So, I'm not directing UKI to take any further action on this occasion.

I understand this isn't the outcome Mr R was hoping for. And I do appreciate this leaves him in a position where he's unable to take out further insurance provided by UKI, which ultimately is what he wanted to do. But Mr R is still able to seek alternative insurance with other providers. And as I set out originally, UKI aren't obligated to provide a customer with an insurance policy and from what I've seen, they acted in line with their own underwriting criteria when refusing to provide cover when the policy was due to renew.

My final decision

For the reasons outlined above, I don't uphold Ms B and Mr R's complaint about U K Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B and Mr R to accept or reject my decision before 29 October 2024.

Josh Haskey
Ombudsman