

The complaint

Mr R complains that Liverpool Victoria Insurance Company Limited (LV) automatically renewed his breakdown policy without his permission.

What happened

The following is intended only as a summary of events. Mr R held a breakdown policy through LV. The breakdown policy also contained an additional membership to a company I'll refer to as B within my decision. Mr R says he didn't intend to renew his policy with LV - however he received a letter in January 2024 which explained his policy had renewed and the premium had been automatically billed to the credit card LV held on file.

Mr R complained to LV and asked for a refund of his premiums. LV said they could refund the majority of the sum taken, but a portion of the premium was paid to B as part of their own membership. And LV said they couldn't refund this sum so Mr R would need to speak to B directly.

Mr R wasn't happy with LV's response, so he brought the complaint to this Service. An Investigator looked at what happened and recommended the complaint be upheld. She thought it wasn't fair for LV to ask B for a partial refund. She thought as LV hadn't spoken to Mr R about the renewal, they should refund the payment made to B as part of the membership as well as pay £50 compensation for any inconvenience caused.

LV didn't agree with the Investigator's recommendation. They said Mr R had been refunded the breakdown portion of the premium once they were told he didn't want to renew – but they couldn't refund the premium sent directly to B. They asked for an Ombudsman to consider the complaint; so, it's been passed to me to decide.

I issued a provisional decision of this complaint on 4 December 2024. I've set out my provisional findings below:

"The regulations under which insurers operate are set by the Financial Conduct Authority (FCA). Automatic renewal is a permitted activity under those regulations - provided the insurer properly highlights this to their customer.

LV says Mr R's policy was set up to automatically renew for a number of years. So, in respect of the need to explain the automatic renewal practice to customers clearly, I've thought about whether LV made Mr R aware that the policy would automatically renew. I can see that LV wrote to Mr R ahead of his renewal for January 2024. The letter said "As agreed with you, we'll renew your policy and take payment for your (B) membership fee by credit card, on or shortly after 1 January 2024." The letter went on to confirm the payment details LV held on file, as well as a breakdown of the premium being charged, between the breakdown cover and membership fee for B.

While Mr R says he didn't intend to renew the cover, he didn't contact LV to make them aware of this. And therefore, the policy was automatically renewed with the card details LV held on file. Having considered everything that's happened, I'm

satisfied LV did communicate this clearly and I find that Mr R was made reasonably aware that his policy would automatically renew.

In respect of the refund LV are required to make, I can see they've said they've repaid a total of £49.85 – which is the premium charged, less a cancellation fee and time on cover. The Investigator thought this was unfair and LV should repay Mr R the total of all the premiums collected because of the circumstances leading to the renewal. But I'm not satisfied this produces a fair and reasonable outcome to this complaint.

From looking at the documents provided, they show Mr R's breakdown policy with LV is on preferential rates as a result of his membership with B. And part of the total premium is passed on by LV to B, for the benefits they provide. But while LV have confirmed they collect the membership fee on B's behalf, I'm not satisfied they would need to provide a refund for the membership to B.

LV are only responsible for refunding the portion of the premium they provide a service for. I don't think they would be responsible for refunding a portion of the premium which is paid to a separate company for a service LV doesn't have any involvement in and under a separate contract for services.

So, I think it was fair and reasonable for LV to explain Mr R would need to speak to B directly in order to cancel his membership with them. I can also see the renewal letter confirms that cancellation "...will not affect your (B) membership fee." - so I'm satisfied these are two separate fees to be charged under the premium LV collects.

While I appreciate Mr R was initially told he would be refunded a total of £65, I can see LV later clarified this and explained there was a cancellation fee and time on cover to deduct from the total refund. I've considered these fees and I don't consider them to be excessive or unreasonable.

I appreciate Mr R may be disappointed with my decision, but I've focused on whether LV have acted fairly in how they've treated him. And based on what I've seen, I think they have."

I invited both parties to respond to my provisional decision with any further information or evidence they wanted me to consider. LV didn't reply to my provisional findings.

Mr R replied and said he always rang up to renew when he received a letter, and he didn't recall giving consent to LV to take and retain his credit card number and they would need to prove this was the case. He said he hadn't received any letters from them so assumed the policy had cancelled. Mr R also said as an elderly pensioner on limited means he wouldn't have allowed his credit card to be used without his knowledge.

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 thought about Mr R's comments in response to my provisional findings, but I've not been persuaded to come to a different conclusion than I did previously. I'm sorry to disappoint him but I'll explain what I think my decision is fair.

Mr R says he didn't receive any letter to say his policy would renew and wouldn't have allowed his credit card to be used without his knowledge. While Mr R may not have received

the letter for all manner of reasons, my decision focuses on whether LV have acted fairly and in line with what they're required to do.

I've seen evidence that LV sent out a renewal confirmation letter on 1 December 2023 which confirms the policy would automatically renew. LV's notes also confirm Mr R has been on a continuous renewal since at least 2010. And I can see the renewal letter, which Mr R does confirm he received, outlined the card details LV held on file and that these details would be used to renew the membership.

So, while I appreciate Mr R says he didn't intend to renew the cover, he didn't contact LV to make them aware of this. So, it follows that I'm ultimately satisfied LV communicated the renewal clearly and it follows I think they acted fairly.

Neither Mr R nor LV provided any further comments in relation to the refund of the premiums, so I see no reason to depart from what I said previously.

I find that LV are only responsible for refunding the portion of the premium they provide a service for. So, it wouldn't be fair for me to direct them to refund a portion of the premium which is paid to a separate company for a service LV doesn't have any involvement in. Mr R can therefore contact that company directly to discuss any other refunds due.

As LV has already refunded a total of £49.85 – which is the premium charged, less a cancellation fee and time on cover – I find this to be fair and reasonable and I don't direct them to do anything more.

My final decision

For the reasons given 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 R to accept or reject my decision before 15 January 2025.

Stephen Howard
Ombudsman