

The complaint

Mr A complains that AXA Insurance UK Plc wouldn't honour its renewal quote for his motor insurance policy.

What happened

Mr A had a policy with AXA and when he changed his car mid-term he amended the registration on the policy. But AXA's system wrongly recorded this in the field for the postcode. AXA later sent Mr A his renewal invite. Mr A called it within the stated time to accept the quote and the mistake came to light. AXA said it wouldn't be able to offer cover for Mr A's new car at his address. It offered Mr A £100 compensation for the error and its late response to his complaint.

Our Investigator recommended that the complaint should be upheld. He thought AXA's error had caused Mr A a loss of expectation and left him with only a very short time to find alternative cover. AXA offered to increase its compensation to £250 and he thought this was fair and reasonable for the impact of its errors. But he couldn't say that AXA should honour its quote as the risk was now unacceptable for it.

Mr A replied that AXA had confirmed in a telephone call that the quote was correct and available, and he should call back on the last day of his cover to accept it. He said that if the error had then been spotted he would have had more time in which to find alternative cover. He said the error had caused him weeks of inconvenience and stress as he was unable to insure his car immediately. Mr A asked for an Ombudsman's review, so his complaint has come to me for a final 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 can understand that Mr A felt frustrated and upset that AXA was unable to renew his policy after offering him a quote with assurances that this was available to him until the end of his current cover.

He's explained that there were long call wait times on that day and when he finally got through to AXA, it said the quote was wrong and there was nothing it could do. Mr A said he then had to press AXA to register a complaint and investigate what happened. And Mr A said he wasn't then able to find a competitive quote elsewhere for some weeks and he was unable to use his car. I can understand that this must have been very inconvenient for him.

I can't establish how the original error occurred. But Mr A's new car registration was inputted into the postcode field on AXA's website. And AXA accepts that this shouldn't have been allowed by its system. And AXA's call handler didn't spot the error when Mr A called to confirm the quote. So I'm satisfied that AXA made an error.

When a business makes a mistake, as AXA accepts it has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

AXA said the risk of Mr A's new car was unacceptable to it. It's not our role to tell an insurer what risks it should cover. This is its commercial decision. This doesn't break any relevant regulations and it's in keeping with standard industry practice. And I can't see that AXA has treated Mr A differently to any of its other customers. And I can't require AXA to honour its quote for Mr A as this was provided with incorrect information.

AXA's error left Mr A with only a few hours to find cover elsewhere before his policy expired, and he said it took him some time to find alternative cover. I can see that Mr A's policy provides for seven days' notice if it is cancelled. So Mr A missed out on this, and he had the trouble of having to look for alternative cover. AXA's misquoted renewal price was lower than what Mr A had paid the previous year. And so I think the error caused Mr A a loss of expectation.

AXA has now offered to pay Mr A £225 compensation for the trouble and upset caused by its error and £25 as a gesture of goodwill for its late response to his complaint. I'm satisfied that this sufficiently reflects the impact caused by AXA's error. And it's in keeping with our published guidance for situations where an error has caused upset and much trouble to correct. And so I think AXA's offer is fair and reasonable and I don't require AXA to increase this.

Putting things right

I require AXA Insurance UK Plc to pay Mr A a total of £250 compensation for the distress and inconvenience caused by its administration of his policy, as it's already agreed to do.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require AXA Insurance UK Plc to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 5 December 2024.

Phillip Berechree
Ombudsman