

The complaint

Mr M complains about Aviva Insurance Limited ("Aviva") for cancelling his insurance policy when his direct debit was mistakenly cancelled. He wants Aviva to reinstate the policy and continue cover.

What happened

Mr M describes being vulnerable and that he is prescribed strong medication which can impact his ability to process correspondence. He also describes difficulty receiving post at his home and that the postal service frequently misdelivers his post.

He insured his home in November 2023 for the period of a year. He arranged to pay for his insurance by monthly direct debit.

In June 2024, Mr M accidentally cancelled his direct debit to Aviva at his bank.

Aviva received notification of the cancelled direct debit and wrote to Mr M on 14 June 2024. It told him that he needed to pay £20.03 by 7 July 2024 or his policy would be cancelled.

On 17 June 2024, Aviva sent a text to the number that it held on file for Mr M, saying the same thing.

A further letter was sent by post on 21 June 2024.

Unfortunately, due to issues receiving his post, Mr M did not receive these notifications and did not make the payment in time.

On 7 July 2024, Aviva cancelled the remainder of the policy. It sent notices of cancellation to Mr M on 9 July 2024 and 11 July 2024.

Shortly afterwards, Mr M contacted Aviva to query why his policy had been cancelled.

He offered to make the payment and asked that the policy be reinstated. Aviva explained that it could not reinstate a cancelled policy, but it could arrange for a new quote for Mr M.

Mr M complained. He wanted his earlier premiums to be returned to him and for the policy to continue.

Aviva responded to the complaint in late July 2024. It maintained its decision about not reinstating the policy. It said it would not refund the premiums as Mr M had received insurance cover up until 7 July 2024 in exchange for those premiums. It offered to waive the outstanding charge of £20.03 as a gesture of goodwill.

Mr M was not happy and contacted us.

Our investigator looked into this matter and did not think that Aviva had done anything wrong. They therefore did not recommend that the complaint be upheld.

Mr M did not accept that view and asked for an ombudsman 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 understand that Mr M is very upset by this matter and feels that things which were not his fault have been held against him.

In particular, he feels that he has been penalised by the postal service's failures to get his post to him at his home, and for the difficulties he encountered dealing with additional correspondence.

I understand that view and can appreciate why Mr M feels that this situation has been unfair to him.

I don't agree, however, and have set out why below. I appreciate that this will not be new information to Mr M, but I have set it out for completeness.

Our service can only look at the behaviour of regulated financial business, and how they have acted towards their customers. We don't have any control over other businesses, and when a complaint is made to us we can only look at the main business within that complaint. If we later find out that a different financial business made a mistake, we would need to start a new complaint against them and ask them to respond.

We look at how a business has treated its customers and whether it has done everything it needed to as set out in the terms of business or policy documentation, and also whether it has acted fairly in the circumstances.

In this situation, Mr M was insured consistently between November 2023 and the cancellation in July 2024. If he becomes aware of any loss related to that period, he would still be able to make a claim against that insurance.

When policies are funded by direct debit each payment keeps the policy continuing, up until the end of the period of insurance (here, November 2024).

If payments stop, Aviva is entitled to cancel the policy by giving appropriate notice to the consumer. Those requirements are set out in the policy.

Here Aviva did as the policy terms required it to. Its responsibility was making sure it wrote to Mr M, and it is not Aviva's fault that the letters and message did not reach Mr M.

Once the time limit for payment expired, Aviva was entitled to cancel the policy. This cancellation cancelled cover for the time after 7 July 2024. It did not affect the cover that was in place up until that date.

When Mr then contacted Aviva, it was correct to say that it could not re-start cover on the same policy, but it could quote again and start a new year period of insurance to go forwards. This would replace the old policy going forwards and would have its own payment schedule.

This was correct and I do not think Aviva has done anything wrong. Equally, there is no criticism of Mr M here. Accidents in administration happen from time to time and cancelling a direct debit can be easily done. When issues like this happen, it does not necessarily mean

that anyone has acted wrongly.

I realise that this situation feels unfair to Mr M, but I cannot say that Aviva has done anything wrong here. As a result, I do not uphold the complaint.

If Mr M wishes to take out new insurance cover, to cover him going forward, then I would expect Aviva to quote for him as it has offered to do, and as it would do for any customer. I hope that Mr M is able to find insurance that suits him as soon as possible.

I realise that this decision will be disappointing to Mr M, but I hope it explains clearly why I have reached it.

My final decision

For the reasons given above, I do not uphold Mr M's complaint and do not ask Aviva Insurance Limited to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 25 November 2024.

Laura Garvin-Smith
Ombudsman