

The complaint

Mr P is unhappy Hastings Insurance Services Limited trading as Hastings Direct (Hastings) didn't renew his motor insurance policy.

What happened

In December 2023 Hastings sent Mr P his car insurance renewal invite. It explained Mr P's policy would automatically renew on 16 January 2024. Mr P considered the renewal quote Hastings had sent him and decided he didn't want to renew the policy. So he deactivated the auto renew option. Later, Mr P changed his mind and decided to allow the policy to continue. Mr P asked Hastings to renew the policy. But this didn't happen, and the policy lapsed.

Mr P complained to Hastings. Hastings accepted it had made a mistake. It acknowledged Mr P had wanted to continue the policy, but this didn't happen due to a system issue. Mr P told Hastings he couldn't find a policy at the renewal price Hastings had offered him. Hastings explained it could no longer give him the renewal quote it had offered in January. It ran a new quote for Mr P which showed an increase of £800. So, Hastings paid Mr P £800 to cover the difference in the cost of insurance and to resolve the complaint.

Mr P didn't accept Hastings' offer. He said the policy it had found was a telematics policy, which wasn't something he wanted to buy. Mr P completed his own searches for cover but said he couldn't find a suitable policy. As Mr P couldn't find a suitable policy, he placed his car on a Statutory Off Road Notification (SORN) and referred a complaint to this Service. Mr P sent our Investigator an insurance quote of around £6,700 per year. Mr P explained this was more than double the renewal price Hastings had offered him and the cheapest he could find. Hastings also provided our Investigator with a quote it had found for Mr P with a price of just under £4,000 per year. Our Investigator said the £800 offered by Hastings to resolve the complaint didn't fairly reflect the loss Mr P would incur as a result of the policy not renewing like it should have. Our Investigator said Hastings should pay the difference between the price Mr P would have paid had the policy renewed and the price Hastings had found.

Mr P disagreed with our Investigator's findings. He maintained his position that Hastings should cover the difference between the original price it had offered him and the policy he had now found. He also felt Hastings should pay compensation for the trouble and upset it caused. Mr P asked for an Ombudsman to review the complaint. Hastings didn't respond to our Investigator's findings.

I issued a provisional decision on Mr P's complaint. This is what I said about what I'd 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'd like to reassure the parties that, although I've only summarised the background to this complaint, so not everything that has happened or been argued is set out above, I've read and considered everything that has been provided.

Hastings accepts it made a mistake during Mr P's renewal process. Mr P says he's lost out financially because of this. He says he's unable to find affordable cover elsewhere. And he'd like Hastings to cover the difference in price between the premium price Hastings offered him at his renewal and the quote he sent this Service.

When considering complaints at this Service, if we decide the customer has lost out as a result of an insurers actions, the remedy we usually take is to direct the insurer to put the customer back in the position they would have been in before that mistake happened. This might involve paying money or compensating the customer for any trouble and upset caused.

Mr P's car is currently SORN. And he's yet to buy cover elsewhere. I appreciate that's because he says he can't find alternative cover at a price he can afford. But because he hasn't bought cover elsewhere, I can't say the significant increase in premium Mr P has shown is an actual incurred financial loss - because he's yet to buy new cover. So he's not out of pocket in terms of paying for an increased premium.

Mr P is now able to buy cover on the open market. Insurance prices are subject to live rates and can change daily. I don't discount the quote Mr P has provided to our Service showing the substantial uplift in price between that and the renewal quote Hastings offered him. But prices do change and because Mr P has yet to purchase alternative cover, there's no financial loss for me to direct Hastings to pay.

However, I recognise that in not being able to insure his car, Mr P has incurred other expenses as a result of this. So I've thought about whether Mr P has paid more in total than he would have done had Hastings renewed his insurance policy.

Mr P says he's had to use taxis and make alternative arrangements because he hasn't had use of his car. Mr P says these costs are because of Hastings' mistake in not allowing his policy to renew like it should have done. And had the policy renewed on the terms Hastings offered him, Mr P says he wouldn't have incurred these costs. So he'd like Hastings to cover these.

I've considered the taxi receipts Mr P has provided. I've also taken into consideration Mr P's calculations between the additional expenses he had to pay against the costs involved in running his car. Having done so, I can't agree there's a financial loss to Mr P. I don't think Mr P's calculations take into account the cost of motor insurance – such as the fact he hasn't actually paid the premium of £2,800 he would have paid had Hastings done what it should have. He's also not incurred the general running costs of using the car – such as petrol. Mr P has told us he used to pay around £106 per month in petrol. So I think the costs Mr P has incurred on taxis is less than he would have paid had he been using his car.

I sympathise with Mr P. It's clear he wanted the policy to renew and that didn't happen. It must have come as a shock and disappointment to Mr P knowing he had to find alternative cover elsewhere. And I'm sorry to hear he wasn't able to find suitable cover immediately. I can also understand it would have been very upsetting and inconvenient for him not to use his car. However Hastings has offered Mr P £800 to resolve this complaint. I consider that fair compensation for the trouble and upset caused.

My provisional decision

For the reasons I've explained, subject to either party providing me with further information, I intend not to uphold this complaint. And I consider the £800 paid by Hastings Insurance

Services Limited trading as Hastings direct to Mr P is fair and reasonable in the circumstances.

The responses to my provisional decision

I invited both Hastings and Mr P to respond to my provisional decision.

Hastings had no further comments. Mr P responded saying he's still unable to find affordable cover and he's now in the process of selling his car. Mr P maintains his travel expenses, including the use of taxi's are more than the cost of cover he would have paid had his policy renewed like it should have. Mr P has explained he'd like a further £400 in compensation to resolve the complaint.

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 P's submissions. And all that Mr P has explained about his circumstances since the policy failed to renew. Mr P says he spends around £200 per month on taxi's, as well as additional costs to maintain his car. And says he still can't afford to buy new cover so he's in the process of selling his car.

I empathise with Mr P. But I maintain my position there's been no financial loss as a result of Hastings failure to renew the policy. Using Mr P's calculations of £200 per month on the use of taxi's and getting around, that equates to Mr P paying around £2,400 per year on travel expenses. But the cover Mr P was offered by Hastings at renewal was £2,800- £400 more than what Mr P says he pays. And that's before Mr P adds on other running costs, like paying for petrol.

It's clear Hastings let Mr P down. It didn't renew the policy like he asked it to. I can understand this would have been upsetting for Mr P. And I accept it must be inconvenient for him not to have use of his car. But Hastings has paid Mr P £800 in compensation to resolve the complaint. And for the reasons set out above, I think that's fair compensation for the trouble and upset caused. So, I make no further award.

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 P to accept or reject my decision before 4 December 2024.

Adam Travers
Ombudsman