

The complaint

Mr and Mrs W complain that Uinsure Limited failed to tell them the annual Direct Debit payment to automatically renew their home insurance policy had failed which led to the cancellation of their policy.

What happened

Mr and Mrs W bought a home insurance policy with Uinsure which was due to automatically renew in June 2023.

Uinsure attempted to collect the annual renewal premium by Direct Debit under Continuous Payment Authority (CPA) but it was returned by the bank unpaid.

Uinsure wrote to Mr and Mrs W to let them know and put the policy on hold. It said if it didn't receive payment, the policy would be cancelled from the renewal date.

Uinsure didn't hear from Mr and Mrs W and so the policy didn't renew.

In January 2024 Mr W contacted Uinsure to make a claim but Uinsure told him there was no policy in force.

Mr W said he had carried out a switch of his bank account around the same time and that they hadn't received a letter from Uinsure advising the DDI had failed. But Uinsure said it had acted correctly and didn't uphold their complaint.

Mr and Mrs W asked us to look at their complaint and provided a copy letter from Uinsure dated 16 January 2024 which confirmed cancellation of the policy. They say this is the letter they received – but nothing in June 2023.

One of our Investigators didn't recommend the complaint should be upheld. He was satisfied Uinsure had written to Mr and Mrs W to let them know the DDI had failed in June 2023 and in line with the policy, had subsequently cancelled it. He explained there was no requirement for Uinsure to send the letter by recorded delivery – and it had been sent to the correct address. He also said it was reasonable, given the amount being an annual DDI, for Mr and Mrs W to have checked the payment had been made, particularly in light of carrying out a switch of bank account around the same time.

The Investigator accepted that Uinsure hadn't written again to Mr and Mrs W to confirm the cancellation until January 2024, when Mr W attempted to make a claim. Uinsure say the letter was automatically generated as Mr W arranged alternative cover.

Mr W disagrees. In summary he says it was not their responsibility to check the payment had been made. The burden was on Uinsure to do this. He says there is no proof Uinsure sent a letter in June 2023 and they didn't receive it.

Mr W doesn't agree that Uinsure did enough to inform him of the cancellation. He says it should have at least emailed or called him.

So Mr W wants an ombudsman to decide.

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.

Uinsure sets out under the policy wording what it will do in the event of a cancellation. It says;

“We or anyone we authorise can cancel the policy at any time by sending you fourteen days’ notice in writing. We will send the notice to the last known address we have for you.

As long as you have not made a claim, we will refund you for the time that was left on your policy. If any claim has been made during the period of cover provided, you must pay the full annual premium and you will not be entitled to any refund. We will only cancel this insurance for a valid reason.

Examples include:

- *non-payment of premium;”*

Under the industry rules, firms have a duty to give consumers the information they need at the right time to allow them to make informed decisions.

On 9 June 2023 Uinsure wrote to Mr and Mrs W to remind them their policy was set to renew on 24 June 2023. It said the annual Direct Debit payment would be collected in order for the policy to renew.

So I’m satisfied that Mr and Mrs W were put on alert by Uinsure within a month of the premium being due to make payment in order for the policy to renew.

As the DDI failed, on 26 June 2023 Uinsure wrote to Mr and Mrs W at the last known address. It explained that the DDI had cancelled and Mr and Mrs W would need to contact it to make the payment within 28 days, or the policy would be cancelled.

I appreciate Mr W says they didn’t receive Uinsure’s letter. It isn’t a requirement for businesses to send letters by recorded delivery. I’m satisfied that Uinsure sent the letter, but I cannot hold it responsible for Mr and Mrs W not receiving it.

I understand Mr W feels strongly that there is no onus on them to check the payment had been made. We don’t think it unreasonable for a customer, particularly having recently carried out a switch of bank accounts, to have made checks in these circumstances. And I think Uinsure put Mr and Mrs W on notice on 9 June 2023 that the renewal premium was due. In any event, the fact remains that the DDI failed, and I think Uinsure took reasonable steps by writing to Mr and Mrs W in line with the policy to give notice of cancellation when payment wasn’t received.

So, taking everything into account I think Uinsure treated Mr and Mrs W fairly and in line with the policy. This means I’m not asking it to do anymore.

My final decision

For the reasons I’ve 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 Mrs W and Mr W to accept or reject my decision before 30 January 2025.

Geraldine Newbold
Ombudsman