

## **The complaint**

Mr J complains that Hedgehog Limited automatically renewed his motor insurance policy without reinstating his No Claims Discount (NCD). He wants £850 compensation for his trouble and upset.

## **What happened**

Mr J's policy taken out through Hedgehog was due for renewal. Mr J had been involved in an accident that he settled outside his policy and his insurer had recorded this as "fault claim with bonus allowed". It later changed this to "for notification only". But Hedgehog was unable to update its system in time for the renewal. So Mr J was charged a higher premium than he expected, and he complained about this. Hedgehog cancelled the policy, gave Mr J a full refund and gave him proof of his 20 years NCD. But Mr J said he had to pay £300 more than he needed to for new insurance because of Hedgehog's errors.

Our Investigator didn't recommend that the complaint should be upheld. She thought system issues had prevented Hedgehog from updating the NCD in time for the renewal. But she thought Hedgehog had reasonably acted to restore Mr J's position. Mr J said he had taken out a policy with a new insurer with a reduced NCD. So she thought Mr J should provide it with the proof of his full NCD to see if the premium would be reduced.

Mr J replied asking for an Ombudsman's review, so his complaint has come to me for a final decision. Mr J thought his new insurer was unlikely to rerate his premium.

## **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 J felt frustrated that his policy taken out through Hedgehog was automatically renewed when he didn't want this. The renewal with the open claim was about £900 more than the previous year's premium. And Hedgehog's system meant that it couldn't update the renewal quote in time with the insurer's decision to close the claim as for notification only with NCD allowed before the renewal.

So Mr J said he then had two weeks of stress and worry in recovering his money and taking out cover elsewhere without his full NCD allowance. I was sorry to hear about the upset this caused him at a difficult personal time. And especially after he had amicably resolved the incident with the other driver.

I can see that Hedgehog's Terms of Business state on page 4 that the policy will automatically renew. And we usually think automatic renewal is positive as it can prevent consumers from unintentionally driving whilst uninsured. And I can see that Mr J could have cancelled the automatic renewal online, or by contacting Hedgehog, up to three days before the policy was due to renew. But he wasn't able to do so. So I can't say it was wrong for Hedgehog to automatically renew his policy.

The renewal premium is set by the insurer, not Hedgehog. And I can see that when it issued the renewal quote the insurer based this on Mr J having a recent fault claim and 17 years NCD. So Hedgehog asked Mr J to get confirmation from his insurer that the claim had been

recorded as for notification only with his NCD allowed, which he did. But this couldn't be added to its system before the renewal payment was taken.

Mr J discovered that the full premium had been taken from his account and he contacted Hedgehog as he hadn't intended to pay this amount. And I'm satisfied that it acted promptly and reasonably to restore his position. It cancelled the policy, refunded his premium in full, and, as a gesture of goodwill, waived the charges it could have applied in keeping with its Terms of Business. I think that was fair and reasonable to put things right and to reflect the upset and inconvenience caused to Mr J.

Mr J said he'd been put to trouble and upset in putting things right. But I think that unfortunately some inconvenience is to be expected in dealing with financial businesses. And I'm satisfied that Hedgehog has done enough to restore Mr J's position. So I don't think it needs to pay him any damages.

Mr J thought Hedgehog was using unfair tactics to retain his custom at a higher price. But I haven't seen any evidence to show this. Hedgehog has explained that it needed evidence from the insurer about how it had recorded the claim. Mr J provided this. But then Hedgehog needed a code from the insurer to over-ride its system. This was provided but unfortunately not in time to amend the renewal payment that was taken.

Mr J said he'd had to take out new insurance elsewhere with 17 rather than 20 years' NCD. I can't say that Hedgehog is responsible for his choice of new insurer or the rates it charges. And, as our Investigator has already explained, he should contact his new insurer with his proof of 20 years' NCD to see if it will rerate his premium. I can understand that this is an additional inconvenience for Mr J, but it may lead to a refund.

### **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 J to accept or reject my decision before 3 March 2025.

Phillip Berechree  
**Ombudsman**