

## **The complaint**

Mr and Mrs P complained that their home insurance policy with Aviva Insurance Limited ("Aviva") didn't automatically renew.

## **What happened**

When Mr and Mrs P set-up their policy with Aviva, they requested it be set-up with direct debit payments and to be automatically renewed each year. Mr and Mrs P had operated their policy this way for many years.

Mr and Mrs P said their bank account was debited during 2023 but from the renewal date in January 2024 the debits stopped. They didn't discover this until they made an enquiry in October and Aviva told them they were no longer insured.

Mr and Mrs P asked for the policy to be reinstated but they were told it had lapsed for too long and they would require a new policy, but at this point Aviva wouldn't insure Mr and Mrs P due to its attitude towards flood risk.

Aviva have acknowledged it made a mistake by not recording the policy as an auto-renewal policy, but it explained that the policy documentation that it issued to Mr and Mrs P was clear the policy wasn't set-up to auto-renew. Aviva said the documentation also explained the importance of checking the policy details. However, it offered Mr and Mrs P £100 compensation for the distress its initial error caused.

Mr and Mrs P said the failure to automatically renew the policy was a breach of the verbal contract made when the policy was set-up. They were sent a renewal notice but they regarded this as a statement of the price increase. Mr and Mrs P said they thought if they did nothing the policy would continue at the new rate. They said there was no subsequent warning that the policy was going to lapse.

Our investigator decided not to uphold the complaint. He thought Mr and Mrs P should've checked with Aviva after reviewing the policy documents and identified an error, and he thought Mr and Mrs P ought to have been aware the direct debit had stopped from his bank account. Mr and Mrs P disagreed, so the case has been referred to an ombudsman.

## **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.

Mr and Mrs P have provided a lot of information to support their case and in response to our investigator's view. I have reviewed this thoroughly, and whilst I find it difficult to come to this decision, unfortunately I don't uphold this complaint. I'll briefly explain why.

The fact is undeniable that when the policy was set-up, Mr and Mrs P requested this to be set-up as an auto renewal policy. This has led to the policy lapsing. Due to difficulty getting cover for their circumstances, their premiums have since increased significantly.

Mr and Mrs P have explained that they'd consolidated their insurance and had assumed the policy had been set-up as requested. They said they weren't sent any warnings that their policy would lapse when Aviva hadn't received the monthly premium.

Aviva in its final response said [to Mr and Mrs P] *"you advised to me that you had received both last and this year's [policy] documents but assumed the payment section could be ignored and was not applicable to you. This was not the case as in each of these documents it does advise that the policy was currently set to not automatically renew, your payment option available to you, and what to do if you wish the cover to continue"*.

Aviva said, *"there was two set of renewal documents issued and as a consumer you also have a responsibility to check and review documentation to ensure that both the policy and its covers meet your intended needs"*.

In dialogue with our service, Mr and Mrs P have confirmed they read this information relating to payment of the policy. Therefore, I think it would've been reasonable for Mr and Mrs P to have contacted Aviva and checked whether the policy was set-up in relation to auto-renewal, as the policy documentation contradicted what they thought and expected. Mr and Mrs P have acknowledged what the documentation said, but said they didn't think it applied to them. The documentation was clearly marked for Mr and Mrs P, so I think it reasonable that Aviva should expect consumers to think the information applies to them.

I've read Mr and Mrs P's responses to our service and their responses are articulate and well thought out. I appreciate they feel they had agreed a verbal contract with Aviva, and Aviva have acknowledged it made a mistake. However, I think Aviva have provided ample opportunity for Mr and Mrs P to check the contract for the renewal period. I think Mr and Mrs P in their responses to our service have shown they would've been capable of this task.

Additionally, I've noted the policy lapsed for 10 months before Mr and Mrs P realised, when they made an enquiry about a potential claim. I think it reasonable that in this period Mr and Mrs P should've realised their direct debit was no longer been taken from their account.

So, whilst Aviva did make a mistake, I think the renewal documentation made it clear Mr and Mrs P needed to do something to make the policy renew and I think Mr and Mrs P reasonably should've realised they weren't charged for the policy after 10 months had passed. Therefore, I don't uphold this part of the complaint. I think the £100 compensation offered was fair, as I think Aviva did provide clear documentation to rectify its mistake at renewal.

Mr and Mrs P have said their policy premium has since increased significantly. It said Aviva couldn't provide a similar policy and initially declined to provide cover. I'm aware of Mr and Mrs P's needs, which included a more significant flood risk than normal. Aviva had changed its attitude to risk in relation to flood, so initially declined to provide cover. I don't think this is unreasonable, as it didn't treat Mr and Mrs P any differently to any other customer who had the same risk at that time. Aviva simply took a commercial decision it didn't want to take on that kind of risk.

Aviva did support Mr and Mrs P by explaining expert reports they could commission to support a more favourable outcome with insurers. However, I don't think it was Aviva's fault the premiums for Mr and Mrs P increased. Policies have got more expensive over recent years and due to the increased risk of pay out and cost of paying claims, insurers have increased their premiums. The price an insurer sets is a commercial decision for it to make, and the competitive industry dictates whether it wins new consumers or not.

**My final decision**

My final decision is that I don't uphold this complaint. I don't require Aviva Insurance Limited to do anymore.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Mrs P to accept or reject my decision before 17 June 2025.

Pete Averill  
**Ombudsman**