

## The complaint

Mr S has complained that the timing of when First Central Underwriting Limited chose to collect a renewal premium was unfair and led to his car insurance policy not being renewed.

Mr S is being represented in his complaint by his mother, Mrs S, who is also an authorised person for Mr S's car insurance policy with First Central.

## What happened

Mr S bought a car insurance policy with the insurer First Central in September 2023. It was due to renew on 29 September 2024, which was a Sunday.

Mr S had contacted First Central a couple of weeks before to make some changes and was happy to proceed with the renewal. Mrs S said she moved money from a savings account to the collection account on 13 September 2024, so the funds were there in good time.

Just after 5pm on Saturday 28 September 2024, First Central attempted to collect the annual payment as agreed from the card details it held. The bank rejected the payment as it wanted to carry out validation checks first, due to the amount being a significant sum at over £3,000. Mrs S says this took a minute or so just after 5pm on the Saturday, and the bank were happy to allow the payment. Mrs S said she believed First Central would re-apply for the payment.

However, First Central moved to not renew the policy. By 5.08pm First Central had issued a text and email to Mr S to say the policy would lapse at midnight.

In the early hours of Sunday morning, Mr S was involved in a serious car accident while driving. Mrs S said he was admitted to hospital and required lifesaving surgery. She contacted First Central on Wednesday 2 October 2024. First Central said it had correctly lapsed the policy. Mrs S requested a call back from a manager, but this didn't happen.

On 7 October 2024 Mrs S on Mr S's behalf complained to First Central. She said it was unreasonable of it to request a payment outside of its office hours, as it did not have an online payment facility and so Mr S could not have made alternative arrangements on the Saturday to pay his renewal premium. Mrs S said the bank notified her of the blocked payment at 5.04pm, she quickly resolved this and expected at the very least for First Central to apply for the payment again. Mrs S said that had First Central requested the payment during office hours, the matter would have been resolved within minutes and the policy would have renewed.

First Central said it had made no errors in not renewing the policy. It apologised for failing to call Mrs S back when agreed. For this, it paid £50 compensation.

First Central said Mrs S could have contacted First Central when it opened on Sunday at 10am to rectify the situation. And it said it required to be notified of an accident within 48 hours. First Central asked Mrs S why contact hadn't been made until 2 October 2024.

Mrs S explained that this was the earliest she was able to contact First Central as she had

been at the hospital with Mr S due to his serious injuries.

Mrs S said Mr S did not see First Central's email warning of the policy lapse until after the accident. She asked us to look at Mr S's complaint. Mrs S said she wants First Central to provide insurance cover for the accident as though it had renewed the policy.

First Central told us it allows 48 hours past a renewal date to continue with a renewal at its discretion and subject to no known loss during this time. But in this case, Mrs S didn't make contact until four days later, and an accident had occurred. So First Central said if it agreed to backdate the renewal, this could be construed as retrospectively accepting risk, which it said it does not allow.

First Central said the fact the email confirming when the policy would lapse was read before the accident means Mr S was aware, and chose to drive while uninsured. It said the fact that Mr S was uninsured when the accident happened was not the fault of First Central.

One of our Investigators didn't recommend the complaint should be upheld. She thought overall First Central had acted reasonably. First Central provided a screenshot to show the email sent to Mr S warning him the policy would lapse at midnight had been opened under the online portal at 6.09pm on 28 September 2024.

Mrs S had provided a screenshot showing that First Central said it would collect the payment on 29 September 2024, so on the Sunday. Mrs S said First Central sent this on 13 September 2024. She therefore believed First Central would try to collect the payment again on 29 September 2024. The Investigator said First Central explained that it has no record of this communication.

Unhappy with the Investigator's outcome, Mrs S asked for an ombudsman to decide the case.

I issued a provisional decision on 10 November 2025 intending to uphold the complaint. I didn't find it reasonable for First Central to have attempted to take the payment for the first time outside of office hours and move to lapse the policy on the same evening, also outside of office hours. There was no facility for Mr S to have made the payment in this time to prevent First Central from cancelling the auto renewal – although it was through no fault of his that auto renewal wasn't successful.

I thought it likely that – as First Central suggested – Mr S could have sought alternative cover before midnight, that he would have come across a similar scenario with another insurer to the one he faced here - when the bank queried a large transaction payment to First Central. I found from a screenshot provided by Mrs S that First Central had provided two payment dates: 28 September 2024 and 29 September 2024, which was the renewal date.

So I thought overall First Central had acted unreasonably. I intended to require First Central to meet the claim and pay £500 compensation for the distress and inconvenience caused.

First Central didn't agree with my provisional decision. It provided a recording of Mrs S's call with First Central on 2 October 2024. It said this showed that when Mrs S was asked why she didn't call back on Sunday, no clear reason was given. It says this call shows Mrs S was aware the policy hadn't renewed and wanted First Central to backdate the renewal.

First Central asked for evidence that funds were in the account before the renewal payment along with evidence the bank had queried the payment.

It didn't accept the screenshot provided by Mrs S to show it had confirmed a payment date of 29 September 2024. First Central said it only ever confirmed a payment date of 28 September 2024. It said this appears to contradict Mrs S's claim that she instructed the bank to take payment while also attempting to make the payment herself online and expecting the payment to be taken again on 29/09/2024. If all the above were true, this would have resulted in three renewal payments.

First Central said the first time Mr S accessed his online account was after the renewal had lapsed.

It didn't accept that there would have any foreseeable issues with payment had Mr S obtained an alternative policy. It said in many cases, a customer allows the yearly premium to fail rather than contact it directly to cancel the auto renewal.

Mrs S provided the following screenshots which we passed to First Central:

- Text message from the bank at 5.04pm confirming it had temporarily blocked her card to check it was really her making the transaction for the car insurance policy.
- Text message from the bank at 5.07pm confirming it had unblocked her card and as the payment hadn't gone through, they could try again.
- Bank statement showing sufficient funds were in the account in time for the renewal payment.
- WhatsApp message from Mrs S to Mr S on 13 September 2024 attaching screenshot from the online portal showing First Central would collect the payment on 29 September 2024. Mrs S said they had updated the card details online from her husband's bank account the year before to hers on 13 September 2024.

In response, First Central said it appears the payment date of 29 September 2024 was viewed within the customer portal when card details were updated, but its records do not go that far back.

First Central says the bank confirmed that the payment was successfully unblocked, and Mrs S was able to proceed with making the payment. However, the payment was not completed, the renewal lapsed, and the vehicle was subsequently driven.

So the case has been passed back to me 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.

In my provisional findings I wrote;

*"First Central has relied on the following term under the policy issued in September 2023 to Mr S:*

*"Automatic renewal*

*The insurer may automatically renew your Insurance Contract at the end of your 12-month period of insurance by using the personal and payment details you originally supplied or have since updated. You will be contacted before your renewal date and be provided with information about the Insurance Contract so that you can make an informed decision about your policy and decide if you want to renew. Whether or not you receive a renewal reminder,*

*it is still your responsibility to make sure your insurance is valid and in force. If you pay by instalments and have received a default notice in your policy term, you may not be able to use the monthly payment option when you are due to renew. If your first monthly payment cannot be collected when your policy has renewed, it will be assumed that you'd prefer to not continue your insurance and the insurer will cancel your policy from your renewal date."*

*In its response to Mr S dated 7 November 2024, First Central acknowledged that some banks might query such a large amount of money being requested. First Central wrote;*

*"We take the payment before the renewal date to allow time for the funds to be available. We requested payment on Saturday 28th September 2024 at 17:04 which yes, is outside of our office hours however our office is open on Sunday from 10am to 2pm and weekdays 8am to 8pm I can see that no contact was made to us until Wednesday 2 October 2024, worst case scenario you could have contacted us the next day (Sunday) to get this rectified."*

*So from this letter, First Central accepts that it attempted to collect the payment after 5pm on a Saturday. And having done so, it meant that any problem with the payment could not be rectified with First Central until the following day, and left Mr S uninsured from midnight.*

*Mrs S says that neither she nor Mr S opened the email from First Central warning that the policy would lapse at midnight. But First Central has provided a screenshot of the record on the portal. This shows the portal was accessed at 17.13pm, an authorised person was added at 17.30 and the key email document was opened at 18.09. So I am satisfied that either the authorised person or Mr S was aware the policy would lapse at midnight.*

*However, I've thought about whether it was fair and reasonable for First Central to move to lapsing the policy, in light of the time it decided to attempt to collect the premium. And I've taken into account the screenshot provided by Mrs S which shows First Central would take the payment on 29 September 2024. I've also considered what options were available to Mr S.*

*I've considered that First Central said that Mr S could have contacted it on Sunday or within 48 hours of the policy lapsing – so there was some flexibility in renewing the policy. This would be reasonable given the timing of the attempt to collect a payment, which as far as I can see, wasn't successful through no fault of Mr S's. There was nothing Mr S could have done to have prevented the lapse from going ahead as there was no way to contact First Central to make the payment on the Saturday. Its office was closed at 5pm and there was no facility for Mr S to make an online payment.*

*I have considered carefully that the screenshot shows that either Mrs S or Mr S opened an email from First Central confirming the policy would lapse at midnight just after 6pm on the Saturday evening. But I have also considered whether it was fair and reasonable for First Central to give such short notice in light of when it tried to collect the payment, what Mr S could have done to prevent the lapse, and the flexibility First Central says it would have allowed – even though it says this is subject to no loss during the lapse period. I find that it is more likely than not the flexibility is offered for precisely this scenario – where a payment fails.*

*To leave Mr S in the position of having to find alternative insurance on a Saturday evening, outside of office and banking hours, where First Central itself didn't offer online payment at renewal, seems unfair. It is very likely that Mr or Mrs S would have faced the same issue with attempting to make the payment in full with another insurer – given the amount – as it did with First Central. And so there was a very high probability that alternative insurance would have been difficult to obtain. This leaves the situation where Mr S was not only uninsured for driving, but for theft. The difference is that First Central said it would collect the payment on 28 September 2024, and on 29 September 2024. So I find it overall unreasonable that the timing of collection on 28 September 2024 was after 5pm.*

*Mrs S explained that the first opportunity she had to contact First Central was on Wednesday 2 October 2024 as she was with her son Mr S in hospital following a car accident early Sunday morning.*

*It is obviously distressing and upsetting that Mr S was seriously injured in an accident on 29 September 2024. I can understand why Mrs S did not contact First Central until Wednesday 2 October 2024 on behalf of Mr S who had undergone surgery.*

*On balance, I find that First Central hasn't acted reasonably which led to the renewal of Mr S's policy being unsuccessful. I think it should have attempted to collect the payment sooner than it did. I don't think it was fair or reasonable for First Central to have chosen to collect the payment after office hours, with no attempt to collect the following day as the screenshot showed. If First Central had tried to collect the payment earlier on the Saturday, I think any issue with the payment would have been successfully resolved and Mr S's policy would have renewed.*

*So I intend to uphold this complaint. I intend to require First Central Insurance Limited to act as the insurer in place when the accident happened and provide indemnity. First Central should deal with Mr S's claim, subject to the yearly premium Mr S will need to pay. If a claim is successful, First Central can deduct the premium from any settlement First Central may make when dealing with the claim, or it can ask Mr S to pay it. This is because where an insurer deals with a claim, the full year's premium is due.*

*First Central should consider the claim including any third party claim under the terms and conditions of the policy which should have renewed on 29 September 2024.*

*I understand First Central has caused Mr S considerable distress and inconvenience by its decision. For this I think it should pay compensation of £500. I can only consider the distress caused to Mr S as the policyholder."*

I have carefully reviewed the information provided by both parties in response to my provisional decision. I find Mrs S's evidence is strong and persuasive in showing that the complaint should be upheld. The key issues for me are:

- First Central did not attempt to collect a one off yearly payment until outside of office hours, with a renewal date also outside of office hours.
- Because of the timing of when First Central attempted to collect the premium, there was no facility for Mr S to have contacted First Central or make an online payment to prevent the policy from not auto renewing.
- It is accepted that First Central has shown that its email confirming the policy would lapse at midnight on 28 September 2024 was opened at 6.09pm.
- It is as likely that Mr S (or Mrs S on his behalf) would have encountered the same issue making payment even if alternative cover was applied for in the window of the

few hours between 6pm and midnight with another insurer – due to the size of the payment.

- First Central did quote both 28 September 2024 and 29 September 2024 as a payment date.
- The online portal account was accessed on 13 September 2024, so before the renewal date, as demonstrated in the screenshot evidence provided by Mrs S.
- It doesn't make sense for a customer to try to pay a premium more than once if any earlier attempt had been successful. So it's not clear to me why First Central says there was a possibility of three renewal premiums being paid.
- Both of the following statements by Mrs S can be true: There was no availability for payment to be made online after 5pm on 28 September 2024. And Mrs S believed First Central would attempt to collect payment again on 29 September 2024. So I don't find a contradiction in what Mrs S said here.

My final decision therefore remains the same as my provisional decision. I am upholding this complaint for the same reasons as I provisionally set out and the remedy is below.

### **My final decision**

My final decision is that I uphold this complaint. I require First Central Underwriting Limited to do the following:

- Provide indemnity for Mr S for the accident on 29 September 2024 as the insurer, assuming his policy renewed on 29 September 2024.
- Deal with the claim in line with the terms and conditions of the policy.
- First Central can either deduct the yearly premium from any settlement it makes, or Mr S can pay this amount in full as he would have needed to pay if renewal had been successful.
- Pay Mr S £500 compensation for the distress and inconvenience caused.

First Central Underwriting Limited must pay the compensation within 28 days of the date on which we tell it Mr S accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

If First Central Underwriting Limited considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr S how much it's taken off. It should also give Mr S a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 6 February 2026.

Geraldine Newbold  
**Ombudsman**