

complaint

Mrs R's unhappy that Liverpool Victoria Insurance Company Limited (LV) didn't renew her car insurance because the premium payment didn't go through. And then charged her more than the renewal quote when she called to buy a new policy.

background

I've set out the circumstances of this complaint and my initial thinking in my October 2015 provisional decision. I attach a copy of that decision, which forms a part of this final decision.

Mrs R and LV have seen the provisional decision and responded. Neither has provided any further comments or information about the issues of the complaint. Although LV has asked me to consider an alternative way for them to put things right.

my findings

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Since neither party has provided any new information or comments for me to consider, I've reached the same conclusions as in my provisional decision and for the same reasons. But after considering LV's suggestion, I've decided to change the way in which it needs to put things right. I've told Mrs R about this alternative, and she has no more comments.

my final decision

So for the above reasons, and those in my provisional decision, I've decided to uphold Mrs R's complaint and require Liverpool Victoria Insurance Company Limited to:

1. Amend Mrs R's premium (February 2015 policy) from £678.05 to £416.82 (the December 2014 renewal offer). Mrs R didn't pay the £261.23 difference in February 2015. But if she has since, LV should refund her that amount.
2. Pay Mrs R £100 for distress and inconvenience

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 30 December 2015.

Mike Foster
ombudsman

copy of provisional decision

complaint

Mrs R is unhappy that Liverpool Victoria Insurance Company Limited (LV) didn't renew her car insurance because the premium payment didn't go through. And then charged her more than the renewal quote when she called to buy a new policy.

background

Mrs R insured her car with LV from December 2011. She paid the premium in full then and each year at renewal automatically by bank card.

In December 2013 the payment for her premium didn't go through. LV wrote to Mrs R. She contacted them and explained her old card had expired. She gave her new card details and paid the premium.

In November 2014 LV sent Mrs R her renewal documents saying the policy would automatically renew. And on 12 December 2014 it wrote to her saying "*your car is now insured for another year...thank you for your payment*". But the payment didn't go through. LV says it sent Mrs R several letters telling her this and warning her that the policy would be cancelled. Mrs R says the only letter she got after the 12 December 2014 one was telling her the policy had been cancelled.

Mrs R immediately contacted LV to pay the renewal premium. LV told her it couldn't reinstate the policy. And that the cost of a new policy would be over £200 more than the renewal offer. Mrs R bought the policy, but only paid the amount of the renewal offer. LV agreed to insure Mrs R, but is seeking the remaining premium from her.

Our adjudicator didn't uphold Mrs R's complaint. She thought LV had acted reasonably. Mrs R disagrees so I've been asked to consider the matter.

my provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I intend to uphold Mrs R's complaint. I'll now explain why.

The adjudicator focused on whether LV acted fairly in the process it followed to cancel Mrs R's policy. She thought it did, and I agree. While I accept that Mrs R didn't get any of the warning letters, only the cancellation letter, that doesn't mean LV was wrong to cancel the policy. Its records show three warning letters were sent in December 2014 and January 2015. Royal Mail is acceptable as a reliable means of delivery. So LV took reasonable steps to give Mrs R several warnings before the policy was cancelled. So I don't think LV did anything wrong in the policy cancellation process.

So the question is, was LV justified in deciding to cancel the policy. I've investigated this further since the adjudicator's assessment. And LV's now told me that it hadn't updated Mrs R's records with her new card details when she had to call to pay the premium in early 2014. And it admits it should have.

LV says that the renewal quote letter showed the partial card number of the card it would take payment from. And Mrs R could have contacted them to correct this. I don't think this is reasonable. Mrs R had already told LV that she had a new card, and provided the details. So I don't think it's reasonable to expect her to double-check LV had recorded these correctly.

So I think it was LV's fault that the payment didn't go through, not Mrs R's. And so LV should put her in the position she'd have been if it hadn't made this mistake. If the payment had gone through, Mrs R's policy would have renewed in December 2014 for the renewal premium. So LV should reinstate Mrs R's policy from the renewal date at the renewal premium.

I also think that being told her policy had been cancelled and having to quickly buy a new one will have been distressing and inconvenient to Mrs R. And LV should compensate her for that too.

Mrs R should note that this will mean her policy will become due for renewal in December 2015 instead of February 2016. But she won't be pursued for any additional premium.

my provisional decision

For these reasons, I intend to uphold Mrs R's complaint and require Liverpool Victoria Insurance Company Limited to:

1. reinstate Mrs R's policy and treat it as if it renewed automatically; and
2. pay her £100 for the distress and inconvenience she's suffered.

Mike Foster
ombudsman