

complaint

Mr and Mrs S complain that Premium Choice Ltd gave them misleading details about the automatic renewal of their motor insurance policy.

background

Mr and Mrs S arranged two policies through Premium Choice. The one on their first car ran until June 2015. The one on their second car ran until January 2016. Premium Choice sent Mr and Mrs S a renewal letter in December 2016. It expected them to call if they wanted the policy to renew. But Mr and Mrs S thought the policy would renew automatically. In March 2016 Mr S was stopped by the police for driving without insurance. The car was impounded. Mr S initially faced court proceedings, but they were later dropped.

Our adjudicator thought Premium Choice's renewal letter wasn't clear enough and upheld their complaint. Premium Choice pointed out that Mr and Mrs S hadn't been sent anything to suggest the policy had renewed. They weren't charged for insurance after December 2015 either. It accepted that its renewal letter could be improved. But it relied on the fact that a message about calling it to renew was set out in bold print.

Mr and Mrs S said their insurance policies had always auto-renewed. Mrs C had called Premium Choice in June 2015. She did so because she expected the policy for the first car to renew if she didn't. It seems Mrs S wasn't told at the time that her call wasn't necessary.

I didn't think the wording of Premium Choice's letter about renewing the policy was clear enough. I thought there were details in the letter that detracted from the message saying consumers should call it. I noted its *terms and conditions* said auto-renewal wouldn't take place if there'd been any problem in making premium payments. I thought that implied it would otherwise. I didn't think all consumers would notice that insurance renewal documents hadn't arrived. Especially if they were confident a policy was in place, as Mr and Mrs S were. And although payments weren't taken in January and February 2016, I didn't think everyone would have noted the small amount of extra money left in their account.

Mr and Mrs S had to pay £190 to get the car released from the police compound. A short-term insurance policy needed to drive the car away cost them £310. The adjudicator said Premium Choice should reimburse Mr and Mrs S for these costs and pay them £500 compensation for the trouble and upset they'd faced. At the time it appeared Mr S had paid a fine of £300, so she thought that should be reimbursed as well.

I agreed that Premium Choice should reimburse the costs Mr and Mrs S had incurred. I thought Mr and Mrs S were greatly inconvenienced and embarrassed by his having been stopped by the police and having their car impounded. Mr S faced legal action that could prejudice his employment. He'd engaged a solicitor to assist with that, which I thought was reasonable. I thought Premium Choice should pay his legal fees. I also thought it should ask the insurer to provide Mr S with a letter of indemnity for court. Should Mr S get penalty points despite that, I thought it should pay extra compensation for the extra costs he and Mrs S would face.

Premium Choice was trying to get a letter of indemnity when the charges against Mr S were dropped. It accepted the rest of my provisional findings, as did Mr and Mrs S.

my findings

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

Since neither party has objected to my provisional findings, I can't see any reason to depart from them. As the court proceedings won't now take place, the provisional requirements I set out relating to that are no longer relevant and have been removed.

my final decision

My final decision is that I uphold this complaint. I require Premium Choice Ltd to do the following:

- Subject to evidence, reimburse Mr and Mrs S for the impound charge and related insurance, plus their related travelling costs
- Add interest to the sum above at the simple rate of 8%, from the date of payment to the date of settlement
- Subject to evidence, pay Mr S's reasonable solicitor's costs
- Pay Mr and Mrs S £500 compensation

HM Revenue & Customs requires Premium Choice to take off tax from the interest. It must give Mr and Mrs S a certificate to show how much is taken off if they ask for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs S to accept or reject my decision before 30 January 2017.

Susan Ewins
ombudsman