

complaint

Mr J complains that Hastings Insurance Services Limited renewed his motor insurance policy against his wishes.

background

Mr J got a renewal invitation from Hastings on 6 September 2018. He emailed it to say he didn't want the policy renewed. He didn't think he'd agreed to automatic renewal. Hastings said he'd have to call to stop the renewal. Mr J replied on 8 September 2018 in writing to confirm that he didn't want the renewal. He also said he'd cancelled his direct debit.

Hastings later told Mr J that it had renewed his policy on 30 September 2018. And it had sent a new direct debit instruction to his bank. Mr J cancelled it. Hastings then said it would be taking a payment from Mr J's debit card on 18 October 2018. When Mr J complained, Hastings said his original policy was set up for automatic renewal. It said sending a new direct debit mandate to his bank was in line with its standard practice. And it said Mr J had given it authority to debit his card when he set up the original policy.

Hastings cancelled the new policy on 14 October 2018. It refunded the £16.33 it thought it had charged Mr J. Hastings later realised that Mr J hadn't been charged for the new policy. That was because the new direct debit mandate wasn't in place and the policy was cancelled before a payment was to be taken from Mr J's card.

One of our investigators looked into Mr J's complaint. He noted that the original policy said most policies would automatically renew. To avoid it, a consumer would have to opt out of that process. Later on, the investigator said there seemed to be no systems limitation that meant Hastings could only accept notice of non-renewal by phone. But he said he couldn't uphold Mr J's complaint, as Mr J hadn't faced any financial loss.

Mr J said he had prevented some financial loss by stopping Hastings' attempts to charge him for a policy he'd told it he didn't want. He said he'd spent time and money calling Hastings to deal with an issue that should never have arisen. He queried Hastings' business practices. The investigator said we didn't have the power to make Hastings change its practices. He didn't think its poor service merited an award of compensation.

Since there was no agreement, I issued a provisional opinion as follows:

As the investigator has said, we can't deal with concerns about a business's general practices and procedures, or whether in general a business is acting responsibly. Those issues are for the industry regulator, the Financial Conduct Authority, to consider. But we can look at the impact a business's practices may have had on a consumer. In this case, Mr J's concerns are about not being told about automatic renewal and not being able to stop the renewal unless he spoke to one of Hastings' advisors.

It's common for insurers to automatically renew policies. We think there's a major benefit in that for consumers. It gives them protection against becoming uninsured without realising it. But we think insurers should draw the process to consumers' attention. That gives them the chance to opt-out of it if they like.

In this case, Hastings has shown that the cover summary in the policy documents sent to

Mr J in 2017 set out the renewal process. The summary says most policies are automatically renewed. It says a renewal notice will be sent out at least 21 days prior to the renewal date. So I don't think Mr J can say he wasn't made aware of the process.

Mr J thought Hastings had no right to try to take money from his debit card for a renewal payment. In the end, no attempt was made. But the welcome letter sent with the 2017 policy documents said Mr J had agreed to continuous payment authority. It gave Hastings the right to take payments from Mr J's debit card, as long as it told him it was going to do so.

All the policy documents said about stopping a renewal was that a consumer should let Hastings know before the renewal date by contacting its customer services team. The renewal notice sent to Mr J in 2018 also said all he had to do was to contact Hastings. Mr J did so on the day he got the renewal notice, 24 days before the policy renewal date.

I don't think Hastings has provided a good reason why a consumer's decision not to renew a policy can't be accepted by email or by letter. I can see why it may be in a consumer's interests at times to speak to an advisor - perhaps about the renewal quote. An advisor may be able to match (or better) other quotes. But I don't think it's fair to set aside a consumer's clear wishes and renew a policy just because that consumer hasn't called Hastings.

I think Hastings should have acted on Mr J's email of 6 September 2018. After it asked him to call, he sent a letter and further emails confirming he didn't want the policy renewed. Yet Hastings still renewed it. I think Mr J had good reason to be unhappy about that.

In my opinion, Mr J faced a moderate amount of distress and inconvenience as a result of Hastings' actions. He had to contact his bank twice to cancel direct debit instructions. He also had to engage in correspondence – plus a long telephone call – with Hastings. In the end the policy was cancelled without any cost to Mr J. But he was worried for several weeks about what was happening. He had to stay on top of events and complain to Hastings to ensure the renewal issue was sorted out. I don't think any of that would have been necessary had Hastings accepted Mr J's decision from the start. So I think it would be fair and reasonable for Hastings to pay Mr J £150 compensation.

Mr J accepted my provisional view, although he still didn't think the automatic renewal was sufficiently highlighted and also queried the purpose of the continuous payment authority. Hastings said it had made it clear to Mr J what would happen if he didn't cancel the renewal by phone. It didn't think its request was unreasonable. But it said it was amending its renewal process so policy holders in the future wouldn't have to call to cancel renewals.

my findings

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

Despite Mr J's further comments, I remain of the view that Hastings did enough to highlight the automatic renewal process. I understand why he may have misinterpreted the purpose of the continuous payment authority. But I don't think that was Hastings' fault. And Mr J has accepted my decision despite his ongoing concerns about these issues.

Hastings has a process in place for stopping automatic renewal that involves consumers having to speak to an advisor. I think it's entitled to devise its own processes. And as I said in my provisional decision, I can see that speaking to an advisor might be in a consumer's interests at times. But it doesn't seem fair and reasonable to me that it insisted on a call from

Mr J. I think he'd made it clear that he didn't want the policy to be renewed. Hastings just ignored his wishes. Had it been able to explain why it was necessary for Mr J to have a conversation with an advisor, I might have reached a different conclusion. But as far as I can see there was no good reason for it.

Having taken into account the latest comments from both parties, I still think it would be fair and reasonable for Hastings to pay Mr J £150 compensation.

my final decision

My final decision is that I uphold this complaint. I require Hastings Insurance Services Limited to pay Mr J £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 23 August 2019.

Susan Ewins
ombudsman