

## **complaint**

Mr J complains about the renewal of his home insurance policy which is underwritten by AXA Insurance UK Plc.

## **background**

When Mr J received his home insurance renewal quotation in February 2015, he noticed that his 'No Claims Discount' (NCD) had been incorrectly stated on the policy. This had resulted in him being charged a higher premium than he should've been.

Mr J drew this to AXA's attention. AXA said that because the problem had been caused by a computer system error, there was no way of overriding it. It said the only way it could be sorted out was by transferring Mr J on to a new policy being marketed. Unfortunately it turned out that the premium for this new policy was higher than the amount Mr J had been quoted for the existing policy (with the reduced NCD). In addition, the cover offered under the new policy for valuables was inadequate for Mr J's needs.

AXA agreed, in the circumstances, to maintain the cover Mr J had under his existing policy for a further year (until February 2016). It explained to Mr J that after the end of the current policy year it'd no longer be able to offer him cover; it advised him to seek suitable cover elsewhere. It offered Mr J £250 compensation for the inconvenience it'd caused him.

Mr J complained to this service. Our adjudicator investigated the complaint but didn't recommend that it be upheld. She said that the evidence AXA had provided included a statement from one of its underwriters. That had explained the reasons for AXA's decisions. She was satisfied from these comments, and other information on the file, that AXA wouldn't have continued to offer Mr J a policy even if the problem with his NCD hadn't arisen. So she thought that AXA's offer to maintain cover for 12 months and to pay Mr J £250 compensation was fair.

Mr J disagreed with our adjudicator's view. He asked to see the underwriter's statement, so a copy was sent to him. Mr J said that he didn't think the statement proved anything. He asked that his complaint be referred for an ombudsman's decision.

## **my findings**

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

I can understand why Mr J is unhappy at the situation in which he finds himself. I have to decide though whether or not, in deciding not to renew his old policy, AXA has treated him fairly in all the circumstances.

AXA's underwriter said she wasn't happy for Mr J to keep his existing policy indefinitely. This was because the NCD would've been wrong thereby causing the premium to be more expensive. The underwriter said that it wouldn't be practical at every subsequent annual renewal to estimate the premium and manually intervene to override the system. It was for these reasons it decided not to offer Mr J renewal from February 2016.

Home insurance contracts are annual contracts; they last a year. Each year, at renewal, the insurer offers its terms to the policyholder and the policyholder decides whether to accept

them. In most cases there's no ongoing obligation for an insurer to always offer renewal to its customers, nor is there any obligation on the policyholder to accept it. For example, the insurer may decide that the risk is one which it no longer wishes to insure, or it may withdraw from a certain sector of the market altogether.

Mr J had had his policy for a while. He had favourable terms at an acceptable price. AXA accepts its computer system made an error when calculating Mr J's renewal terms meaning it was unable to reinstate the old terms. AXA has explained that, regardless, it wasn't happy for Mr J to remain insured under those terms indefinitely. Whether it was due to the NCD error or any other reason, AXA decided not to offer Mr J renewal terms from 2016. I don't think it has acted unfairly in deciding to do so.

I've got to decide whether AXA acted fairly towards Mr J having decided it wasn't willing to offer him insurance from February 2016. I have to say I think it has. This is because it gave him 12 months' notice that his contract wouldn't be renewed, so giving him adequate time to find alternative cover. It also paid him £250 compensation for any inconvenience caused to him. I think AXA's actions towards Mr J, having decided it no longer wished to offer him cover, were fair and reasonable in all the circumstances.

I have thought about Mr J's comment that he doesn't believe the underwriter's statement proves why AXA can't offer a renewal. I don't think it has to. When it makes the decision not to offer renewal though, it must treat its customers fairly. I think that, in this case, AXA has treated Mr J fairly. I know that Mr J wants his old policy to continue, but AXA has, and is entitled to, withdraw those terms. I can't make it continue to offer him his old policy.

### **my final decision**

My final decision is that I don't uphold this complaint.

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

Claire Woollerson  
**ombudsman**