

complaint

Mr H complains that his motor insurance policy with UK Insurance Limited trading as Churchill didn't automatically renew as he expected. He was later involved in an accident and found out he wasn't covered.

background

Mr H has held a motor insurance policy with Churchill since 2007. Each year the policy automatically renewed. But in 2016 it didn't. Mr H says that Churchill didn't tell him that his policy wouldn't auto-renew and he didn't know that anything was wrong. He only found out when his car was written off in an accident 11 days after the policy had expired.

Churchill says that it wasn't sure why the policy didn't auto-renew this year, but it was likely to be because Mr H changed the payment date the previous year. Churchill said it sent Mr H a letter telling him he needed to contact it to renew his policy and two reminder letters before the policy was due to expire. As Mr H didn't get in touch the policy lapsed.

Our investigator said that Churchill didn't do enough to highlight the change from auto-renewal. She considered that Churchill should reinstate the policy and issue a letter of indemnity in respect of the accident. The investigator said that Churchill should also waive the premiums for the months that have passed to reflect the trouble and upset caused to Mr H by this matter.

Mr H accepted what the investigator said. Churchill did not. It said it thought it had given Mr H sufficient notice.

my findings

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

Our approach in these circumstances is that an insurer should take significant steps to highlight that it had changed from auto-renewing a policy to expecting a customer to contact it to renew. This is because there can be serious consequences for someone that is found to be driving without insurance.

I consider that Mr H had a reasonable expectation that his policy would renew. It had done so without any problems for a number of years. Although Churchill can't say for sure why it removed the auto-renew feature – I can't see that it contacted Mr H when it was removed

I accept that Churchill did write to Mr H when his policy was due to expire and set out that he would need to contact it if he wished to renew his policy. It also issued two further warning letters. Mr H says the initial letter didn't look different from the letters he had previously received when the policy was auto-renewing. And he didn't open the follow up letters as he thought they were the policy documents that were usually sent after the policy had renewed.

I don't consider that the letters from Churchill included a sufficiently prominent warning that the policy would no longer auto-renew. In fact, there is no warning that the policy was operating any differently than it had in the past. I agree that the letter doesn't say that the policy would auto-renew, but I don't think that Mr H had any reason to check this. I don't

consider that Churchill did enough to make Mr H aware that his policy wouldn't auto-renew as he expected.

Mr H had a reasonable expectation that the policy would renew as it had done in the past. And he was involved in the accident soon after he believed the policy had started. So it's not unreasonable for him not to have noticed that payments weren't being collected. I can't see how he could reasonably have been aware that a policy was not in place.

Mr H should be put back in the position he would have been in had Churchill taken significant steps to tell him that the policy would not be auto-renewing. I'm satisfied if it had done so, then Mr H would have renewed the policy as he had in previous years. So Churchill should put him back in that position. It should reinstate the policy and send Mr H a letter saying that it wasn't his fault he was driving without insurance, so he can pass that to the police.

The police have not taken any action pending the outcome of our investigation. But Mr H has clearly been caused worry and inconvenience because of what happened. Churchill should waive the premiums he would have had to pay up to date of settlement to reflect that.

my final decision

My final decision is that I uphold this complaint. UK Insurance Limited should:

- Reinstate Mr H's policy as if it had renewed in September 2016.
- Write a letter of indemnity to Mr H saying that it wasn't his fault he was driving without insurance.
- Waive any premiums that Mr H would have had to pay had the policy renewed up to date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 12 January 2016.

Ken Rose
ombudsman