

complaint

Mr G complains that Eldon Insurance Services Ltd (Eldon) didn't auto-renew his motor insurance policy as he expected.

background

Mr G was stopped by the police for driving whilst uninsured. Mr G says he may now have to attend court and have points applied to his licence, which will affect his employment. Eldon said that Mr G should have been aware that his cover had ended due to the letters it sent. It offered to reinstate this, as a gesture of goodwill, but Mr G had already found cover elsewhere. But it sent him £100 compensation for its poor customer service.

our adjudicator's view

Our investigator recommended that the complaint should be upheld. Mr G's automatic renewal was cancelled because of Eldon's system error. She thought the policy would have been renewed but for this. So she thought Eldon should be responsible for the consequences.

The investigator thought Eldon should pay Mr G £100 compensation, as it had offered. And it should also ask the insurer to backdate the policy from the renewal date to when Mr G took out cover elsewhere, and give him a letter confirming this.

Eldon replied that Mr G should have been aware that his policy wasn't renewed as no premiums were taken for six months. It said it had sent Mr G a letter confirming the policy had expired and his No Claims Discount (NCD). It also said the insurer was unwilling to provide indemnity for the period of lapsed cover.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr G and to Eldon on 22 January 2018. I summarise my findings:

I could appreciate that this has been a worrying experience for Mr G. We expect consumers to take care that their insurance is in place. But we also believe that insurers and brokers should take reasonable steps to ensure that policy holders are told that their policy has been cancelled or expired. This is because this will have serious consequences for them and expose them to possible court action.

Eldon had already accepted that Mr G didn't cancel his auto-renewal. It said this was removed due to a system error. It then sent six letters, by post and email, to Mr G but he said he didn't receive all of these.

Eldon's provided screenshots showing that the letters were sent to Mr G. I couldn't hold it responsible for the postal service, so I couldn't say it made a mistake in this. Eldon said these letters should have made Mr G reasonably aware that his policy had not renewed.

Mr G said he received the first letter saying his policy would auto-renew. Eldon didn't ask him to do anything. It said if it hadn't heard from him within two working days before the renewal date, his policy would be renewed.

Eldon said it then sent two renewal chasers. Mr G said he received other letters inviting him to call it to discuss his policy. But he said he didn't want to do this so he didn't call Eldon. I looked at the letters and they simply said that Eldon has found cheaper cover and it invited Mr G to contact it. There's no mention that the policy wouldn't be auto-renewed.

Eldon said it sent Mr G a letter following his request to remove his automatic renewal. Mr G hadn't requested this and this was sent due to a system error. This letter was dated before the second renewal chaser. This letter said that the policy was to expire. Mr G said he didn't receive a letter saying the renewal had been cancelled. But he received the other letters from Eldon and I could see from its records that it was sent.

Mr G said he did receive the proof of NCD, but he thought this was confirming the previous year's insurance. I looked and the letter said that the year's insurance has expired and told him his NCD entitlement. But it also said that it hoped to welcome him back in the future. I thought this should have raised Mr G's suspicions that his policy hadn't auto-renewed.

So of the six letters sent, two told Mr G that the policy had expired. I understood that Mr G didn't request the removal of the auto-renew. But I thought it was reasonable for Mr G to check his correspondence from Eldon and note that that his policy hadn't renewed as he expected.

Eldon said that Mr G should have noticed that no premiums were taken from his account for six months. Mr G said he had a variable income so he wouldn't necessarily note this. But I thought this should have been evident to Mr G over the six months. Also, Mr G didn't receive his renewal documents. I thought he should have reasonably questioned why they hadn't arrived.

So I thought that Eldon's error caused Mr G's policy to not auto-renew. I thought its payment of £100 compensation for Mr G's inconvenience of having to arrange new insurance was fair and reasonable.

But I also thought Eldon gave Mr G sufficient warning that the policy had expired. And I thought it was for Mr G to note that he hadn't paid his premiums for six months or received his policy documents. So I disagreed with the investigator that Eldon should be responsible for the consequences of Mr G not being insured. I thought Eldon didn't need to do anything further.

Subject to any further representations by Mr G or Eldon, my provisional decision was that I intended to not uphold this complaint.

Mr G replied that Eldon hadn't made him aware that his insurance had been cancelled and the legal consequences of this. He stressed the consequences that a conviction for driving whilst uninsured would have for him. Eldon had nothing further to add.

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've no doubt that Mr G didn't intend to be uninsured. I also understand the unfortunate and serious consequences that a conviction will have for him. But, as I've explained above, I can't hold Eldon responsible for this.

This is because I think Mr G should have reasonably noticed that his insurance hadn't auto-renewed and acted to remedy this. Eldon didn't cancel his policy as Mr G said, it didn't auto-renew it. Eldon's letter enclosing the NCD proof explains that insurance is a legal requirement.

So I haven't seen any new evidence or representations that change my provisional decision.

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 G to accept or reject my decision before 13 March 2018.

Phillip Berechree
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