

## **The complaint**

Mr M complains that the renewal notice from Liverpool Victoria Insurance Company Limited ("LV") for his car insurance wasn't clear.

## **What happened**

The circumstances of this complaint are well known to both parties, so I'll only summarise them here:

- Mr M's 2023 renewal notice stated the cost to renew would be £613.20.
- Mr M tells us he had previously paid monthly by direct debit and would be doing so again so assumed the £613.20 included the interest charge to pay monthly as it was described as "This year's total price".
- Mr M tells us he checked several comparison sites but decided not to switch insurers as most of the quotes were in the region of £600.
- Mr M adds that when the renewal confirmation arrived some days later he checked the monthly repayment schedule and discovered the price on his renewal notice had not included interest and the total cost would be an extra £55.19, so a total of £668.39.
- Mr M says the renewal was misleading and he missed the opportunity to change insurers. He would like LV to apologise and honour the £613.20 and failing that to waive any cancellation fees and allow him to find another insurer. And if he cannot find a policy that costs less than £613.20 he would like LV to reimburse the difference.
- LV say the renewal notice was clear and it drew attention to the interest charges for paying the premium on a monthly basis. And it confirmed to Mr M that it wouldn't waive the interest charges.
- Mr M wasn't satisfied with LV's response and brought his complaint to this service.
- Our investigator didn't uphold the complaint. He said the renewal document was clear in both the total cost of the insurance policy and the costs involved in this being repaid monthly via a credit agreement.
- He explained an insurance premium is due from the date the policy cover starts and that insurers can offer the ability to pay for this using a form of credit repaid monthly, and an interest amount applies for the credit taken. He noted a similar arrangement had been in place for the prior year.

Mr M remained unhappy and asked that an ombudsman decide his case

## **What I've decided – and why**

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

Having done so I've reached the same outcome as our investigator, and largely for the same reasons.

I've looked at the renewal notice sent to Mr M dated 2 May 2023, and as Mr M says it states this year's total price is £613.20. As is required it also highlighted last year's price. I also note that immediately before the summary of cover and costs the letter says, *"Please check the renewal quote details carefully and check your needs are still being met"*. And importantly the letter concludes by setting out the next steps as:

***"Next steps***

- *Check all the information, and let us know if anything is incorrect;*
- *Check your payment plan for information of your new payment details"*

So I'm satisfied the renewal letter was clear and drew Mr M's attention to the need to look at the payment plan.

The payment plan sets out "How your plan works" and says:

*"The cost of your insurance and the interest charged is spread over the year, so paying for your insurance monthly will cost more than if you paid annually. Please check you can afford the monthly payment"*.

The payment plan confirms the policy premium is £613.20, interest of £55.19 is payable, the interest rate is 9% and the total amount payable is £668.39. I find this clear.

The payment plan goes on to confirm the monthly payments for the next year. And it also includes a summary of the previous year's payments and the total interest paid in addition to the 2022 policy premium.

The renewal document also set out the "Pre-Contact Credit Information", and the opening paragraph says:

*"We're required to send you this pre-contract information about your choice to pay monthly for your insurance. Before you continue, we just want to make sure you understand how this works and you're happy you can afford the payments."*

Again, I find this clear.

Mr M has provided us with documents he received from LV when he took out his policy in 2022. A letter from LV dated 11 May 2022 thanked him for choosing LV and set out the total price of £453.78. Like the 2023 renewal invitation, this letter also concluded by saying Mr M should check the payment plan for information about his payments. I note the payment plan set out the premium of £453.78, an interest rate of 10.59% and that there was interest payable of £40.84 with a total amount payable of £494.62.

Mr M said he assumed at the 2023 renewal that "This year's total price" included the interest charges for monthly payments. Given last year's total price didn't include the interest charged for choosing to make monthly payments, and this had been clearly set out to Mr M when he took out the policy in 2022, I don't think that was a fair assumption to make. And I can't say LV have acted unreasonably, and it has been consistent.

I note the 2023 renewal letter compared the 2022 total cost with the 2023 total cost, and neither of these premium costs included the interest charged. That was set out in the payment plan and Pre-Contract Credit Information for both years.

In the circumstances of this case, I find LV has acted reasonably and I won't be asking it to do any more.

### **My final decision**

For the reasons above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 20 February 2024.

Martyn Tomkins  
**Ombudsman**