

The complaint

Ms E complains that Liverpool Victoria Insurance Company Limited (“LV”) didn’t provide her with adequate reminders to renew her car insurance policy. She says, as a result, her policy lapsed and she then had to take out a new policy at a significantly higher price.

What happened

Ms E says she didn’t realise her policy hadn’t automatically renewed until she received a letter from the police to say she was uninsured. Ms E then contacted LV and they explained they’d sent a renewal quote and reminders to say Ms E would need to contact them to renew her policy. Ms E says she did receive a renewal quote for £373.60 but, around this time, she was dealing with a bereavement. LV said they could now only offer Ms E a policy as a new business customer, but the price was nearly £500 more than the renewal quote. Ms E said she would need to think about this and then, when she called LV the following day, the quote had increased by a further £100. Ms E complained to LV about the price increase and that they hadn’t provided adequate reminders about her renewal.

LV responded and explained they’d sent a renewal quote and, having received no contact from Ms E, they issued reminders by email and text message. They said, as Ms E’s policy wasn’t on automatic renewal and because they didn’t hear back from her to confirm she wanted to renew, her policy lapsed. They said when Ms E contacted them a few months later, they explained they could now only offer Ms E a new policy. LV said they initially gave an incorrect price as the policy had been rated against nine years no-claims discount (“NCD”) instead of four. They apologised for this and said this was corrected the following day which led to a price increase.

After considering all of the evidence, I issued a provisional decision on this complaint to Ms E and LV on 9 April 2024. In my provisional decision I said as follows:

“Pricing

The role of this service when looking at complaints about insurance pricing isn’t to tell a business what they should charge or to determine a price for the insurance they offer. This is a commercial judgement and for them to decide. But we can look to see whether we agree a consumer has been treated fairly – so is there anything which demonstrates they’ve been treated differently or less favourably. If we think someone has been treated unfairly, we can set out what we think is right to address this unfairness.

I can see Ms E’s renewal invite set out a quote for £373.60 but the new business price she paid was £977.19. So I understand why Ms E is concerned about the price increase. LV have provided me with confidential business sensitive information to explain how Ms E’s new business quote was calculated. I’m afraid I can’t share this with her because it’s commercially sensitive, but I’ve checked it carefully. And, I’m satisfied the price she has been quoted has been calculated correctly and fairly and I’ve seen no evidence that other LV customers in Ms E’s position will have been quoted a lower premium.

The information shows the factors LV have used to rate Ms E's policy as a new business customer. I've seen the pricing model used and how this differs from the pricing model used for the renewal – and I can't say LV have made an error here in how they rated and priced Ms E's new business policy. I think it's also important to point out, Ms E's new business policy and the policy offered at renewal, are two different products.

It's not unusual or uncommon for a business to rate two separate products according to a different pricing structure. I acknowledge Ms E may feel this is unfair, particularly given the price difference between the two products. But it's for a business to decide what risks they're prepared to cover and how much weight to attach to those risks - different insurers will apply different factors. And the same insurer might apply different factors and loadings to different products. That's not to say an insurer offering a higher premium for a particular product has made an error if a separate product offered by the same insurer is cheaper - but rather, it reflects the different approach they've decided to take to risk.

I can see Ms E is also concerned that, having contacted LV for a policy after she was made aware she was uninsured, she was quoted a price of £840.27, but during a call the following day LV then quoted £977.19. I understand why a price increase of over £130 in the space of one day would be concerning for Ms E, but the information provided by LV shows this was primarily down to a correction made in the NCD. The original new business quote was based on nine years NCD, but this should've been four years NCD. When this was corrected the following day, it led to the price increase. It's not unreasonable for this rating factor to lead to a price increase in circumstances where the NCD years are reduced – as has been the case here. I acknowledge there was an error by LV in applying the incorrect NCD when calculating the original new business quote, but I can't see Ms E took this policy out and the position was corrected the following day. So, I think the apology offered by LV is fair and reasonable in the circumstances.

The renewal information

Ms E accepts she did receive a letter through the post which was dated 29 March 2023 informing her that her policy was due for renewal. I've seen a copy of this letter, and this is headed "Your LV Car insurance won't renew unless you contact us". The letter sets out the different methods Ms E can renew her policy and also confirms her cover will end at 11.59pm on 27 April. I think the letter was clear in explaining Ms E's policy wasn't set up to automatically renew and the date by which Ms E needed to take action to renew her policy. I do acknowledge Ms E says she was dealing with a bereavement at the time, and I am very sorry to hear about the circumstances and the impact on Ms E. I can see Ms E says, due to her emotional state at the time, she forgot her policy wasn't on automatic renewal and she feels reminders would've been helpful here.

I can see Ms E says LV informed her during a phone call that they use two different methods of communication to remind a customer about renewal. The policy terms and conditions don't describe the communication methods LV would use to notify a customer of renewal. But I don't think it's unreasonable in the circumstances, and given the risks associated with a customer unintentionally and unknowingly driving uninsured, for LV to use at least two methods of communication to notify a customer about renewal.

LV have provided information which shows an email was sent on 18 April. I've seen the letter which was attached to the email, and this is headed "Reminder, you need to contact us to renew your LV Car insurance". This letter again confirms the date Ms E's policy will lapse and sets out the methods by which Ms E can renew her policy. As LV didn't hear back, they then sent a text message on 25 April. I've seen the text message, and this again reminds Ms E the date her policy will lapse. So I believe LV have acted reasonably here in issuing a renewal quote and following this up with reminders sent by two different methods of communication.

I acknowledge Ms E says the text message was sent to the incorrect mobile number. Ms E says she has had her current mobile number for many years, and she would've informed LV of this. Ms E says she had several conversations with LV using that mobile number and provided it as a point of contact during several conversations over the past few years. LV say they used the mobile number they had on their file. I do acknowledge Ms E's mobile number changed but I haven't seen any evidence this was communicated to LV. The policy terms and conditions say Ms E must let LV know as soon as possible if her personal details change. I do acknowledge Ms E says she contacted LV several times using her current mobile number, but I don't think this alone means that LV should've been expected to change Ms E's personal details on their file. There's no evidence LV were aware, or ought reasonably to have been aware, at the time of those calls that the mobile number they held for Ms E should now no longer be used.

Ms E says LV have made errors here in relation to her personal information, so she's persuaded she would've informed LV about her mobile number, but they failed to update their records. I agree LV have made errors in relation to Ms E's personal details, firstly they recorded the NCD incorrectly, and secondly, during Ms E's call with LV after she discovered she was uninsured, she confirmed her marital status, but the information shows this wasn't updated in the new business documents she received. This was then updated. I do acknowledge Ms E's concern here, but I don't believe this proves that Ms E did request LV to update their records with her mobile number, and they failed to action this."

So, subject to any further comments from Ms E or LV, my provisional decision was that I was minded to not uphold this complaint.

Following my provisional decision, Ms E has responded and says the main reason for her complaint is that LV didn't act in line with their own procedure to issue a reminder using two different communication methods. Ms E says, had she received a reminder through a different method - text or post, she would've taken steps to renew her policy. Ms E says her number changed seven years ago and she's certain she did communicate this to LV when asking them to use this number to communicate with her when discussing policy details and in relation to a previous incident. Ms E says it was therefore LV's responsibility to change her number on their system. Ms E says she doesn't have any evidence of her notifying LV about her change of number, but she believes, given the other errors made by LV in relation to updating her details on their system, it supports her argument that on the balance of probabilities LV didn't change her number after she requested this.

LV have responded and say they've checked their system, which they say goes back to 2018, and they say the number they held, and which the text message was sent to, has been held since then. LV maintain they don't have any records which show that Ms E contacted them to update her number.

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 see no reason to depart from my provisional decision. So, I've decided to not uphold the complaint for the reasons set out in my provisional decision and copied above.

I do acknowledge Ms E's points and I note she says she has had her current number since at least 2017. LV have checked their system and they say the number they held, and which the text message was sent to, has been held since 2018. LV say they've checked their records and haven't found any notes which show that, prior to the reminder being sent by text, Ms E had notified them of her current number. LV have also provided information which shows the emails sent on 29 March 2023 and 18 April 2023 were opened. So, taking this all into account, I think LV did provide notice of the renewal and also sufficient reminders about this.

The information I've seen shows LV used the phone number they had on their records and, while I understand Ms E changed her number, I haven't seen any evidence Ms E informed LV about this and asked them to amend her number. I do acknowledge the points made by Ms E about the conversations she had with LV previously on her current number, but I'm not persuaded this alone means that LV should've been expected to change Ms E's personal details on their file. I also understand Ms E's point about the other errors made by LV, such as not amending her marital status initially, but as mentioned in my decision, this doesn't persuade me that, on the balance of probabilities, it's more likely than not LV were informed about the change in number but didn't take steps to amend this on their system.

I do acknowledge Ms E's concern is that she believes LV didn't provide her with adequate reminders and, had they done so, she would've been able to renew at a price of £373.60. But, instead she had to take out a new business policy at a price of £977.19 – so she feels there has been a financial impact to her. I do understand Ms E's concern, but I think it might help if I explain that position would likely have arisen in any event. I say this because LV have provided information which shows Ms E's previous policy was discounted based on it falling within a specific scheme. The renewal invite sent to Ms E on 29 March 2023 shows the policy falls into this scheme. I can see that scheme no longer applied to Ms E's policy at renewal, and removal of this would've led to a new business policy in any event. So, even if Ms E had taken out the renewal, a new business policy would've had to have been taken out as a result of Ms E's policy no longer being part of the scheme.

I can see Ms E also queries whether the new business policy took into account her past driving history. I've seen the ratings which were applied, and this does include a rating covering driving and claims history. I think it's also important to make the point that motor insurance policies in general will take into account driving and claims history whether that's a new business policy or renewal.

I understand Ms E will be disappointed, and I do acknowledge it has been a difficult time for her. But my role here is to decide whether LV have acted fairly and reasonably in relation to the renewal – and from the information I've seen, I think they have.

I wish to reassure Ms E I've read and carefully considered everything she has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

My final decision

For the reasons I have given, it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms E to accept or reject my decision before 30 May 2024.

Paviter Dhaddy
Ombudsman