

## **The complaint**

Mr C complains about Skyfire Insurance Company Limited's ("Skyfire") late notification of their decision not to proceed with a renewal of his car insurance policy.

## **What happened**

Mr C received a renewal quote which said his policy was set up to renew automatically on 5 September 2023. On the morning of the renewal date, Mr C received an email from Skyfire which said they couldn't provide cover for the year. Mr C says his wife and newborn child were travelling at the time, which means she was uninsured. Mr C says he had to phone his wife to park up while he then contacted Skyfire. Mr C says he was passed to the sales team and, despite giving the same details as the renewal details, a quote was generated for a new policy, which Mr C took out. Mr C then complained about the issues which occurred.

Skyfire accepted there had been late notification of their decision to Mr C and initially offered £50 compensation. They then responded to the complaint and explained they sent out a renewal for a price of £2,028.10. They said they then sent an email on 5 September 2023 to let Mr C know that, due to changes in their underwriting policy, they weren't able to provide cover. Skyfire apologised for this and explained they were then able to create a new policy for Mr C which price matched the renewal quote. Skyfire explained various checks are made throughout the process of renewing a policy and they wouldn't have been able to forewarn Mr C that the cover would be declined until they tried to take payment. They said, following their standard checks at the time, they discovered Mr C didn't meet the requirements of their current risk profile for a renewal policy. They said, due to Mr C's policy ending on 4 September 2023 at 11.59pm, and them only emailing him the following day to let him know they couldn't renew his policy, they'd revised their offer of compensation to £150.

Our investigator looked into things for Mr C. He agreed Skyfire had made an error and thought Skyfire's offer of £150 was fair. Mr C disagreed so the matter has come to me for a decision.

## **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 decided not to uphold the complaint. I understand Mr C will be disappointed by this but I'll explain why I have made this decision.

Firstly, I've looked at the service given to Mr C. My role requires me to say how a complaint should be settled quickly and with minimal formality and so I'll focus on what I consider to be the crux of the complaint and the main areas of dispute. The key facts about the complaint aren't in dispute. Skyfire accept they got things wrong when the policy lapsed and they only notified Mr C on the date of renewal that they couldn't provide cover – Skyfire acknowledge this meant Mr C was uninsured for one day. The only issue I have to decide is whether their offer of £150 is fair and reasonable in the circumstances.

I think it's right that Skyfire should compensate Mr C for the worry, frustration and inconvenience caused. To help decide what a fair and reasonable level of compensation should be, I've looked at the error by Skyfire and the impact it has had.

Around two weeks before the renewal date, Mr C receives an email from Skyfire which says, *"There's nothing for you to do, your policy will automatically renew."* Further in the email it says the policy is set to renew on 5 September 2023. So, I agree it was frustrating for Mr C to then receive an email on the renewal date – at a point when Mr C understandably believes his policy has renewed – to say Skyfire aren't able to provide cover for the year. I think any notification about not having cover in place is undoubtedly worrying, but particularly so for Mr C as his wife was driving at the time with their newborn child in the car. There is also the inconvenience to Mr C of then having to spend time on the phone to Skyfire to arrange a new policy.

Mr C says, after the notification from Skyfire, he started looking for policies to take out immediately. He says the quotes he received were too high, so he had no option but to contact Skyfire as they were still slightly cheaper than other insurers. I can see Skyfire did then offer a policy to Mr C as a new business customer and price matched the quote provided at renewal. While I acknowledge the inconvenience to Mr C in having to arrange this, I can't say there has been any financial loss or impact to Mr C here. Mr C took out the policy for the same price he would've paid at renewal. And, Mr C has also confirmed that, having shopped around a week before the renewal date, he found that although they'd increased their price from the previous year, Skyfire were still the cheapest which is why he decided to allow the policy to renew.

I acknowledge Mr C says he hasn't received an explanation for why the renewal couldn't proceed and he also questions why Skyfire were then able to offer a new policy even though the same details were provided for the renewal. Skyfire have provided me with confidential business sensitive information to explain the part of the underwriting criteria which led to them declining the renewal. I'm afraid I can't share this with Mr C because it's commercially sensitive, but I've checked it carefully. And, while I can see the specific part which Skyfire say impacted Mr C's risk profile at renewal, it's not clear why this same part of the underwriting criteria didn't impact the risk profile in the same way when Mr C then took out a new business policy – and Skyfire haven't provided an explanation for this. So it's not clear whether the renewal should've proceeded and the decision to decline was an error. But Skyfire accept there has been an error and acknowledge this led to Mr C receiving late notification of their decision to decline.

I've taken into account the above factors, and I've also taken into account the period over which the events occurred. The information shows Mr C's policy lapsed at 11.59pm on 4 September and he was notified about Skyfire's decision not to provide cover at 9.32am on 5 September. So, this is when I believe Mr C's worry, frustration and inconvenience started – and I can see he then took out a policy with Skyfire at 2.01pm on 5 September. So, while I think the impact on Mr C was limited to this period, I fully acknowledge the worry to Mr C about his wife driving uninsured.

I can't see though that there was any wider impact in the cost of the policy based on Mr C's comments about the searches he carried out for a policy with alternative insurers and also the fact that Skyfire then matched the renewal price. So, taking this all into account, there has been worry and frustration caused to Mr C together with inconvenience in having to arrange another policy.

Taking into consideration the impact on Mr C, I think Skyfire's offer of £150 compensation is fair and reasonable in the circumstances. Mr C has confirmed he has received this compensation, so I won't be directing Skyfire to take any further action. I can see Mr C

raises a query about the £150 as he says he was expecting this in addition to the £50 offered initially. But I think Skyfire make the position clear in their complaint response when they say they've revised the compensation offered and will now be paying £150. So I think this demonstrates the £150 is the total compensation amount being offered.

I can see Mr C has also raised concerns about the price quoted by Skyfire at renewal – and which he paid as a new business customer. I can't see a specific complaint about the pricing has been raised separately with Skyfire. So, Mr C will need to raise this with Skyfire first before our service is able to consider this further.

### **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 Mr C to accept or reject my decision before 14 February 2024.

Paviter Dhaddy  
**Ombudsman**