

The complaint

Mr M complains that U K Insurance Limited ("UKI") mishandled the renewal of his motor insurance policy.

What happened

For several years, Mr M had motor insurance with UKI. For the year from 12 May 2022, he had a UKI policy.

Mr M was suffering a relationship breakdown and medical issues.

Mr M didn't receive a renewal invitation.

On about 12 May 2023, UKI renewed the policy and took payment of about £366.00 from the payment card of Mr M's building society account, over-drawing it.

He contacted UKI to complain and he cancelled the renewed policy.

Mr M contacted UKI again and asked to get reinstated as a customer. But he says UKI quoted over £850.00.

By a final response dated late May 2023, UKI said that it had failed to generate the renewal invitation. It said it was sending Mr M £100.00.

Mr M brought his complaint to us without delay.

Our investigator didn't recommend that the complaint should be upheld. He thought that there had been no financial impact. He thought that the compensation was fair for the inconvenience caused.

Mr M disagreed with the investigator's opinion. He asked for an ombudsman to review the complaint. He says, in summary, that:

- When he contacted UKI, it offered to reduce the cost to £315.00. But he rejected it through anger and frustration. He hit back by cancelling the policy.
- He looked elsewhere. Because of these events, the best cover price he could find is over £500.00.
- That is not a one- off situation, it's a cross he has to bear for years to come, all because of UKI's error.

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.

UKI made an omission with the renewal letter, and I don't condone that. It came at a bad time for Mr M.

He didn't get a reminder to contact UKI to discuss renewal and the cost for the next year.

Instead, UKI had increased his premium and taken payment without warning, at a time when Mr M didn't have enough money in his account to cover it, so he incurred charges on the account. So I can see why Mr M was upset.

However, Mr M chose to cancel the policy. And he has shown us that his building society refunded its charges.

Different insurers assess and price risk in different ways at different times. As it was Mr M, rather than UKI, who initiated the cancellation, I see no reason to think that UKI affected the prices quoted by other insurers.

Although he changed his mind about cancelling with UKI, I don't find that UKI treated Mr M unfairly by saying that it couldn't reinstate the policy (at a similar premium or at all).

UKI has shown us evidence that the new price it quoted Mr M was based on different information to the renewal. I accept that the price would've applied equally to any other consumer presenting the same information. So I can't say that UKI's pricing treated Mr M unfairly. And of course, he didn't pay the price UKI quoted.

I see no reason to think that UKI's error will affect the prices that UKI or other insurers may quote for future years.

So I don't find it fair and reasonable to direct UKI to pay Mr M compensation for any financial loss.

I don't under-estimate the extra distress and inconvenience UKI's mistake caused Mr M at an already difficult time for him. However, I consider that the impact of the mistake was quite short-lived. I'm satisfied that UKI's payment of £100.00 was fair and reasonable for Mr M's extra distress and inconvenience.

My final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct U K Insurance Limited to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 21 December 2023.

Christopher Gilbert
Ombudsman