

The complaint

Mr S complains Liverpool Victoria Insurance Company Limited (“LV”) removed the auto-renewal option on his buildings insurance policy and that it said the policy didn’t renew and it won’t reinstate it.

What happened

The background to this complaint is well known to the parties so I’ve provided a summary here.

- Mr S had a buildings insurance policy underwritten by LV. He asked it to automatically renew the policy at the end of the period of insurance and provided card details to facilitate this.
- At renewal in 2021, Mr S’s card had expired so LV couldn’t take payment for the policy renewal. LV let Mr S know and he got in contact to make payment on another card and cover continued. Following this change in card details, the automatic renewal option was removed by LV but it didn’t make Mr S aware of this.
- In July 2022 he got in contact with LV to make a claim on the policy but it explained the policy hadn’t been renewed in May 2022 and was no longer in force. Mr S complained to LV.
- It said it had made it clear to Mr S he needed to make contact to arrange renewal and despite several reminders it hadn’t heard from him or received payment so it hadn’t been able to renew the policy.
- Mr S brought a complaint to this Service as it was his belief the policy remained in force as he hadn’t asked for the automatic renewal to be removed. Our Investigator didn’t uphold the complaint. She thought LV had acted fairly in not renewing the cover after it didn’t receive contact from Mr S or payment of the premium despite sending a number of communications to him letting him know he needed to take action to renew the policy.

Mr V disagreed and asked an Ombudsman to make 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.

My role as an Ombudsman at this Service requires me to say how complaints should be settled quickly and with minimum formality. That means I will focus on what I consider to be the crux of the complaint and may not comment on everything the parties have said but I can confirm I have considered everything even where I don’t reference it specifically in my decision.

- It seems LV didn't let Mr S know the automatic renewal option had been removed following the problems with the payment card in 2021. This was seemingly due to an administrative error following the earlier problems. Clearly, LV should have told Mr S the policy wouldn't renew next time, but didn't.
- But I have to consider what action LV took at renewal to inform Mr S about the requirements to renew the policy and whether this should reasonably have alerted him to the need to take action or at least contact LV to make enquires about the issue.
- I've seen the information LV sent Mr S in May 2022 prior to renewal of the policy. This clearly explains Mr S needs to take action:

"Your LV insurance policy won't renew unless you contact us...Your cover is set to end at 11.59pm on 31 May 2022".

- Three weeks after this, LV sent a further reminder which stated:

"Reminder, you need to contact us to renew your LV home insurance...as your cover ends at 11.59pm on 31 May 2022".

- LV sent one further reminder by text message to Mr S's mobile.
- In his testimony, Mr S acknowledges he received these communications so I'm satisfied LV sent them appropriately and to the correct place.
- Mr S says he assumes he didn't read them at the time they were received but says even if he had seen the emails, he would have assumed there was no need to take action because he still believed the auto renewal was on the policy. I've thought carefully about this and I'm satisfied there was enough in the communications from LV that a reasonable person would have realised they needed to take action to ensure the policy renewed and that without this, the policy cover would end.
- We would expect policyholders to engage with renewal communications from insurers and Mr S could simply have made a call to LV to enquire whether there was a problem with renewal if he was still uncertain after the three reminders.
- Mr S highlights that LV didn't send him a cancellation notice to alert him to the policy cover ceasing in 2022 whereas it had in 2021. I think the difference here is that in 2021, the policy was set to automatically renew, so in effect, Mr S had already confirmed he wished to renew the policy and accepted the terms to do so. So when the policy renewed and the payment wasn't received due to the problems with the card, the policy was in force and therefore had to be cancelled, hence the cancellation notice.
- But in 2022, without the automatic renewal in place, the cover would only continue if Mr S made contact with LV to confirm acceptance of the terms. So, in this case, as he didn't do that, the policy cover merely ended - in line with LV's communications - at the stated time on 31 May 2022 and so there was no need to send a cancellation notice. That said, I'm satisfied the three warnings the policy would end were effectively cancellation warnings anyway – they amount to the same thing.
- In summary, while LV made an error in removing the automatic renewal and not informing Mr S, I'm satisfied the subsequent action it took in alerting him to the need for him to take action to ensure policy renewal was reasonable. I won't be asking LV

to reinstate the policy or do anymore on this complaint.

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 S to accept or reject my decision before 22 September 2023.

Paul Phillips
Ombudsman