

The complaint

Mr K complains about BISL Limited (BISL) who allowed his policy to lapse at renewal, under his home insurance policy.

What happened

Mr K said that he held a home insurance policy for many years with BISL. The policy automatically renewed each year. BISL said that it is able to automatically renew policies, but as Mr K's payment card had expired, it wrote to him and sent an email, inviting him to contact them, so that he could accept the renewal offer. It said that if they hadn't heard from him, then the policy would lapse. BISL said that it didn't hear from Mr K and the policy lapsed.

Mr K said that he never received the renewal notice via post. Further, BISL had a system whereby it would have alerted Mr K that the payment had failed, but this didn't alert him either. He said that BISL sent him an email on 16 April 2023 asking for information and he acted on it, by checking that the online policy details were correct, confirming that the auto renewal was active, and he believed the policy would be renewed.

Mr K raised a complaint with BISL, as he felt it was its negligence that caused the payment to fail, as BISL ought to have told him that the card had expired. He felt that BISL ought to acknowledge its error and pay him compensation for the poor service he experienced. He also said that he had to look for alternative cover at a higher premium, due to BISL's error.

In its final response, BISL maintained its position that it was unable to renew Mr K's policy due to his oversight in not updating his payment details, as he was required to do. It said that it had sent over the renewal offer, well in advance of the expiry date of the policy. It said that it sent the offer via post and email, to the email address that it had had on file and previously used. It confirmed that if it hadn't heard from Mr K by the expiry date, the policy would lapse, which is what happened. So, there was nothing further it could do.

As Mr K was given his referral rights, he referred a complaint to our service. One of our investigators considered the complaint and didn't think it should be upheld. He agreed with BISL, that Mr K had been given the renewal offer. He said that that the renewal failure arose, due to BISL having invalid payment details on file. He said that it was Mr K's responsibility to ensure that the payment details on file were up to date, not BISL's. He concluded that BISL had complied with its obligations in providing the renewal offer and telling Mr K the date that the policy would expire. So, there was nothing further he could reasonably ask it to do.

BISL accepted the view, Mr K did not. He said that the view failed to consider the actions that he took, especially regarding the automatic renewal, which he updated online. He said that there was no method for customers to update payment details online, nor was there a prompt to do so. That BISL failed to contact him to tell him that the payment details had expired. And finally, he said that BISL only contacted him once it had cancelled his policy. So, he asked for a decision from an ombudsman.

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 won't uphold this complaint, for much the same reasons as our investigator. I understand that this might be a disappointment to Mr K, but I hope my findings go some way in explaining why I've reached this decision.

I've considered both parties, comments, and the evidence they have provided. I think that the main issue of this complaint, is whether BISL had an obligation to tell Mr K that his payment method was expiring.

I've had a look at what BISL's obligations were and from the evidence, its obligation was to issue the renewal quote and to inform Mr K when the policy was expiring. BISL has provided evidence to show that on three occasions, it either emailed or posted the renewal notice. I understand from Mr K that he said he didn't receive the renewal offer via post. But he did say that he received the emailed version.

Further, BISL had shown that it posted the offers to Mr K's address, so it wouldn't be fair for me to conclude that BISL was at fault for Mr K not receiving the documents. This I think would be the responsibility of the postal service.

In any event, Mr K confirmed that he received the emailed documents. He said that he responded to BISL and replied with the information it had asked. Namely, that he checked that the auto renewal was active and that the policy details were correct. He said that nowhere on the form was there a section where customers could update payment details.

BISL said that on Mr K's online account, this contained his payment details, and it was his responsibility to contact them to update those details. Also, he would've been able to access his account online, 24/7. It further said, that in Mr K's welcome pack, it gives further information regarding automatic renewals. It stated:

*'Automatic renewal: To ensure you continue to be insured after renewal, we reserve the right to automatically renew your insurance and any additional products you currently have the benefit of. We will contact you before the end of the policy with Our new offer, explaining what you need to do. We may automatically renew the policy where We are able to, using the payment method that you have provided Us with ***.§4S3 in order to ensure you remain continuously covered. Please note, if you don't advise Us that you don't want your policy to renew by the renewal date, we will attempt to take the first payment that is due. If this payment is declined, you will be charged a failed payment fee if applicable, please see the 'Failed payment fee' section above for details. You can ask Us to stop taking payments automatically or change your payment method at any time by contacting Us on 0344 41211 S3.'*

I note that there is a phone number quoted and I agree that it would've been Mr K's responsibility to ensure his payment method was up to date. So, I think he could've phoned BISL to do this, as indicated in the automatic renewal information Mr K had been provided with.

Mr K also complained that BISL failed to contact him once the payment had failed and had it done so, this would've alerted him to provide an alternative payment method. I've reviewed the policy terms and conditions and under the continuous payment authority it states:

'... inform the policyholder of any payments that are due to be taken. We reserve for payments with your bank 2 working days prior to a payment due date and can attempt

collection up to 3 times within this 2-day window. We won't attempt any further reservations past the payment due date. If We're unable to collect a payment at any point. We will contact the policyholder. Failed payments could result in a fee. If applicable, please see the 'Failed payment fee' section above for details of the fee. The policy may be cancelled if We don't receive payments that are due.'

I asked BISL why it hadn't contacted Mr K once the payment had failed as per the policy terms. It explained that the renewal offer invited Mr K to contact them to update any details that were required, even details that he might've been unsure about. And as it didn't hear from Mr K, the policy lapsed and confirmation of this was sent to him shortly after.

I've reviewed the renewal notice and under the section entitled '*what you need to do now*' it clearly states that payment details should be checked by the policyholder. It goes on to provide information about times its customer service is open, as well as a contact phone number.

Consequently, I'm persuaded that BISL provided enough information for Mr K to contact them to update his payment details. And as he failed to contact them, I don't agree that BISL ought to have made further contact once the payment had failed, given that it had invited Mr K to make contact to ensure that he wished to continue with the renewal. Also, I think it would've been likely, that Mr K would've received a new card from his card provider. And that ought to have prompted him to update his card details.

I'm aware that Mr K had to obtain cover elsewhere and that the premium he obtained was higher. But I'm unable to agree that the fault of this lies with BISL, as I think it complied with its obligations and it was ultimately Mr K's responsibility to ensure that his payment details were updated.

I acknowledge Mr K's strength of feeling about this complaint and the reason why he referred it to our service. I understand that my findings are likely to be a disappointment to Mr K. But, in the overall circumstances of this complaint, I haven't seen enough evidence to show that BISL acted unfairly. I'm therefore not going to tell it to do anything further here.

My final decision

For the reasons given, 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 K to accept or reject my decision before 29 November 2023.

Ayisha Savage
Ombudsman