

## The complaint

Mr W complains that Rock Insurance Services Limited auto-renewed his annual travel insurance policy without his consent.

## What happened

In August 2021, Mr W took out an annual travel insurance policy through Rock. The contract terms stated that in cases of an annual policy, Rock would auto-renew the policy each year unless it was specifically told not to. Mr W didn't let Rock know that he didn't want to renew the policy.

So in August 2022, Mr W's annual travel insurance policy renewed at almost double the previous price. Mr W was unhappy with the auto-renewal of the policy, as he said he hadn't consented to Rock taking his money or starting a new policy. Rock cancelled the policy and refunded Mr W's premium.

Separately, Rock told Mr W it was looking into his concerns, but it didn't provide a final response to his complaint within the regulator's timeframes. So Mr W asked us to look into his complaint.

Rock didn't provide us with its file in line with our deadlines. So the investigator assessed the complaint based on the evidence he had. He didn't think Rock had treated Mr W fairly.

Subsequently, Rock made an offer to provide Mr W with a written apology and to pay him £50 compensation. But Mr W remained unhappy with Rock's position and so the complaint was passed to me to decide.

Rock has since let me know that it's prepared to offer Mr W £75 compensation. That's because it noted that he hadn't been sent a renewal notice prior to renewal of the policy. A renewal notice would have set out the new premium and given Mr W a chance to contact Rock and cancel renewal if he was unhappy with the terms of the new policy. Rock also acknowledged that it hadn't responded to Mr W's complaint.

I issued a provisional decision on 5 June 2023, which explained why I thought Rock's offer of compensation was fair. I said:

*'It's clear that Mr W was very unhappy when Rock auto-renewed his 2021 policy, after he failed to opt-out of auto-renewal. I can see that the premium had increased quite significantly too.*

*The terms of Mr W's 2021 contract do state that in cases of an annual policy, Rock will automatically renew the policy at its expiry date. And Mr W's 2021 policy certificate also states that unless Mr W opted-out, the policy would automatically renew upon the expiry date. I don't agree with our investigator then that Rock didn't make it sufficiently clear that annual policies would be subject to auto-renewal. I'm mindful too that it appears that Mr W had opted out of auto-renewal with Rock for a policy he'd held in 2019, so I think he was likely to have been reasonably aware of the way Rock handled renewals.*

*However, the contract terms also say that Rock will write to policyholders ahead of renewal with the renewal price and details. Rock acknowledges that this didn't happen in Mr W's case. This means that Mr W received information about the renewed policy after auto-renewal had already taken place. Therefore, he wasn't given an opportunity to check he was happy with the level of cover - or the price of the policy - prior to Rock debiting the premium and renewing the contract. Given Mr W seems to have been unhappy with the price, it seems to me that had he been sent renewal information ahead of time, he'd likely have contacted Rock to cancel the auto-renewal.*

*So this means I think Rock did do something wrong. It's clear though that Rock refunded Mr W's premium within five days of it being requested – which I find to have been prompt and appropriate. Accordingly, I'm satisfied that Rock hasn't caused Mr W to suffer a continued financial loss.*

*On the other hand, it's clear that this matter has put Mr W to some time and trouble. As I've set out about, it failed to provide Mr W with a renewal notice ahead of time. He had to contact Rock to cancel the policy following its auto-renewal and it failed to respond to his complaint in a timely way. While this didn't prevent Mr W from bringing his complaint to us, I don't doubt that Rock's failure to address his complaint sooner caused him additional frustration and inconvenience. As such, I think it's appropriate that Rock takes steps to put right its mistakes. In my view, the £75 compensation Rock has now offered, along with the written apology to Mr W it previously offered, is fair compensation to reflect the impact I think this matter has had on him. I'm pleased that Rock has now agreed to pay this amount of compensation and, priorly, to offer a written apology to Mr W.'*

I asked both parties to respond with any additional evidence or comments they wanted me to consider.

Rock didn't respond by the deadline I gave.

Mr W considered that if I'd placed an obligation on him to have been reasonably aware of the way Rock handled renewals, then the same obligation should apply to Rock. As such, given Mr W had opted out of auto-renewal in 2019, he felt Rock should've been reasonably aware of the way he regarded auto-renewals. He said that if he'd received the renewal notice, he'd have acted straight away to cancel the policy before any money left his account. And he referred to other insurers asking policyholders to opt-out of auto-renewals before proceeding with a policy application. However, he considered that Rock relied on its customers not reading the small print, which he felt was sharp practice.

### **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 still think Rock's offer of settlement is fair and reasonable and I'll explain why.

As I've set out above, I do think Mr W's policy documentation did make it sufficiently clear that the policy would auto-renew unless he opted out of auto-renewal. This means that I think the policy terms were clear enough to put Mr W on notice that his policy would auto-renew at the end of the insured period.

However, Rock acknowledges that it didn't send Mr W a renewal notice prior to the renewal of his policy when it ought to have done so. And I accept that had Mr W received a renewal notice ahead of the policy renewal date, he'd most likely have cancelled the policy ahead of

the premium debiting his account. So I agree that Rock made a clear error here, which put Mr W to unnecessary time and inconvenience. It accepts too that it didn't respond to the complaint in a timely way. It's appropriate then that Rock should take steps to put things right.

When considering what fair redress should be, I must consider (amongst other things) what went wrong; whether an error caused a consumer to suffer financial loss; whether the financial business took reasonable steps to resolve things and whether any compensation award is proportionate to the error or loss. As I've explained, Rock cancelled the policy and refunded the premium promptly, ensuring Mr W didn't suffer a continued financial loss. It's agreed to write Mr W a letter of apology. And it's offered to pay him £75 compensation for his upset and inconvenience. In my view, this is a reasonable and proportionate award to recognise the overall impact I think this matter had on Mr W.

I'd add that Rock has also told us that it accepts that good business practice is that a consumer should positively agree to opt-in, rather than opt-out of auto-renewals and that this is something Rock is working towards. I hope this reassures Mr W with regard to this particular point. However, as we're not the industry regulator, this isn't something I'm able to compel Rock to do.

### **My final decision**

For the reasons I've given above and in my provisional decision, my final decision is that Rock has now made a fair offer of settlement.

I direct Rock Insurance Services Limited to pay Mr W £75 compensation and issue him with a written apology for its actions.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 2 August 2023.

Lisa Barham  
**Ombudsman**