

The complaint

Ms E has complained that esure Insurance Limited renewed her home buildings insurance policy without her knowledge or consent.

What happened

In March 2020 Ms E bought a home buildings insurance policy with esure online. The policy was set up to automatically renew the following year unless Ms E let esure know she didn't want it to.

Ms E says she moved home in May 2021. In 2023 Ms E realised esure had collected an annual premium from her card details in March 2021, 2022 and 2023 in 2023.

esure agreed to refund the premiums it collected for the renewed policy in March 2023, March 2022, and a partial refund for the premium collected in March 2021, as Ms E moved home in May 2021.

Ms E didn't think this was fair. She wants a full refund as she says she didn't agree for the policy to automatically renew.

esure provided Ms E with a copy of the emails it sent to her ahead of the renewal date, which gave her the opportunity to cancel the renewal of the policies. esure said that as it was on risk for the property until the time Ms E moved address, it had fairly retained a portion of the premium for March to May 2021.

Ms E remained unhappy and asked us to look at her complaint. Our Investigator thought esure had acted reasonably. Ms E doesn't agree. She says esure hasn't complied with relevant rules and guidance from the Insurance Code of Business Sourcebook (ICOBS). So the case has been passed to me to decide.

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.

Insurers are entitled to automatically renew policies provided it has outlined this clearly in the policy terms. esure has provided a screenshot of what it says was available to Ms E when she bought her policy online in March 2020. This provided details of how Ms E could access her account online. Key information from the screenshot reads:

"Auto Renewal - To make sure you have insurance in place that provides continuous cover, this policy automatically renews"

And;

"it goes without saying, you can decide if you want to auto-renew or not. If you don't want, you can opt out here"

Ms E says the screenshot only shows that esure arranged automatic renewal without her active consent, which she says is a requirement under the ICOBS.

I've looked at esure's policy wording to see what it said about the renewal of Ms E's policy. It says;

"Renewal information

At least three weeks before the renewal date of Your Policy, We will provide You with details of the Terms on which Your Policy may be renewed and any changes to the Policy cover. We will also tell You if We are unable to renew Your Policy, for example, if You have made numerous claims, fail to comply with Our general Terms and conditions or You no longer fall within Our acceptance criteria. We will also tell You what You need to do to renew Your Policy.

If You pay Your premium by direct debit or credit/debit card Your Policy will automatically be renewed using the payment details You have given Us. If You wish to change Your method of payment, please contact Us prior to Your renewal date to arrange this.

If You do not wish to renew Your Policy and You have not told Us before the renewal date, We will continue to make deductions from Your bank account for the new premium. Please refer to 'Cancellation of Your home policy' for further details on how to cancel Your Policy after the renewal date and the Terms that apply."

esure has provided a copy of the renewal invite it emailed to Ms E on 6 February 2021, one month before the renewal date of 6 March 2021. The covering letter highlighted in bold;

"We'll automatically renew your policy for you"

esure goes on to say;

"Your policy will automatically renew and we'll simply collect your annual premium three days prior to your renewal date from the latest credit or debit card you gave us.

If you don't want to renew your policy, please call us on 0345 601 7079 at least four days before your renewal date. If you don't, it may be too late to stop us from collecting your premium. If you do renew your policy, you have 14 days from your renewal date to change your mind and cancel your policy. As long as no incidents have occurred which could lead to a claim, we'll refund any premium you've paid, less an administration fee."

Ms E has quoted from the ICOBS section 4.6.3: that a firm should include the terms of a continuous payment authority in plain and intelligible language. This section applies to (explained under section 4.6.1) a firm with respect to credit lending, consumer hiring, or other borrowing. In any event, under section 7.6; "Exercise of continuous payment authority", the ICOBS reads:

"7.6.1 (1) a firm must not exercise its rights under a continuous payment authority (or purport to doing so)

(a) Unless it has been explained to the customer that the continuous payment authority would be used in the way in question;"

Ms E has quoted from ICOBS 4.1A.4R under the section; "Means of communication to customers; non-telephone sales"

"A firm must ensure that a customer's choice or consent to receive the information by means of a website (whether a durable medium or where the website conditions are satisfied) is an active and informed choice or consent."

I'm satisfied from all of the evidence provided by RSA that it clearly explained to Ms E when she applied for the policy online that it would automatically renew her policy and provided her with the choice to opt out. esure gave Ms E a further opportunity to cancel the renewal of her policy in good time before the renewal date in March 2021 and subsequent years

through the renewal invitations it sent to her. So I haven't seen anything which shows RSA has acted against the ICOBS.

As RSA has provided a refund and backdated it to the month Ms E says she moved address in May 2021, I think RSA has done enough to resolve her complaint and provided a fair outcome. So I'm not asking it to do any more.

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 Ms E to accept or reject my decision before 6 October 2023.

Geraldine Newbold
Ombudsman