

The complaint

Mr A complains about the price charged by U K Insurance Limited (“UKI”) to renew his commercial vehicle insurance policy. He also complains about his policy auto-renewing and not receiving notification of renewal in advance.

What happened

Mr A says, on 16 March 2023, he noticed his policy was due to expire on 20 March, so he called UKI to ask why he hadn’t received a renewal invite. He says the call handler explained a renewal had been sent out, but Mr A says this never arrived. Mr A says the call handler said they would send another renewal. Mr A says he asked the call handler if his policy was set to automatically renew, and they confirmed it wasn’t. He says the call handler asked if he would like to renew now and he explained he would wait until his return from holiday. Mr A says when he returned from holiday, he still hadn’t received a renewal invite so he called UKI on 25 March and was informed his policy had been renewed at a price of £674.99. Mr A says he didn’t give permission for this money to come out of his account. Mr A says he was then assured a manager would call him, but despite chasing, a manager hasn’t returned his call. Mr A says he then received two renewal letters on the same day - but after the date of renewal. So, Mr A complained to UKI.

UKI responded and explained policy documents were sent to Mr A on 27 February, with further renewal invites sent in March. UKI said all documents issued to Mr A confirmed his policy will automatically renew unless he stopped this. UKI said they’d listened to Mr A’s calls when discussing his renewal and at no point did Mr A ask about automatic renewal or them confirming cover will need to be renewed manually. In relation to the price increase, UKI said premiums are based on the level of risk to provide cover, and these risks may increase due to environmental changes, claims or losses. They said premiums may also increase following a change to their risk assessment tools which are built into their renewal system – which look into different factors. UKI accepted no attempt was made to call Mr A back to discuss his concerns, so they’d arranged for a cheque for £20 to be sent to Mr A.

Our investigator looked into things for Mr A. He thought UKI hadn’t treated Mr A unfairly in relation to the pricing. He also thought the £20 paid to Mr A was reasonable for the customer service issue and didn’t uphold the complaint about Mr A’s policy automatically renewing. Mr A disagreed so the matter has come to me for 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.

Having done so, I’ve decided not to uphold the complaint. I understand Mr A will be disappointed by this but I’ll explain why I have made this decision.

Pricing

The role of this service when looking at complaints about insurance pricing isn't to tell a business what they should charge or to determine a price for the insurance they offer. This is a commercial judgement and for them to decide. But we can look to see whether we agree a consumer has been treated fairly – so is there anything which demonstrates they've been treated differently or less favourably. If we think someone has been treated unfairly, we can set out what we think is right to address this unfairness.

I can see Mr A paid a premium of £430.08 in 2022 but was then charged a price of £674.99 in 2023 – this is around 57% more than what he paid the year before. So, I understand why Mr A is concerned about the price increase. UKI have provided me with confidential business sensitive information to explain how Mr A's price increase was calculated. I'm afraid I can't share this with him because it's commercially sensitive, but I've checked it carefully. And, I'm satisfied the price he has been charged has been calculated correctly and fairly and I've seen no evidence that other UKI customers in Mr A's position will have been charged a lower premium.

UKI confirm their in-built risk assessment model calculates the price – and in this case, no manual loading was applied. I think that's important here as it demonstrates the pricing model used to calculate Mr A's premium was no different to what was used for any other customer in the same circumstances. Mr A may feel this is unfair, but UKI, like all insurers, will review their approach to risks at different points and this will result in changes to the premium. UKI explain their pricing algorithm and risk assessment tool is used to calculate their policies. So in short, they have treated all customers the same with the pricing calculation and Mr A hasn't been treated differently or unfairly when they chose to use this approach.

I can see Mr A has provided a copy of his renewal invite for his other vehicle, which shows an increase of around £20. Mr A says this increase is significantly less than the increase applied at renewal in this case. I think it's important to mention here, it's for a business to decide what risks they're prepared to cover and how much weight to attach to those risks - different insurers will apply different factors. That's not to say an insurer offering a higher premium has made an error compared to an insurer offering a cheaper premium – but rather, it reflects the different approach they've decided to take to risk.

Automatic renewal and customer service

System information provided by UKI shows Mr A's policy was due to renew on 20 March 2023, and UKI sent a policy renewal reminder letter on 19 February and renewal documents to Mr A on 27 February. This confirms the renewal price as £674.99. Further renewal invites are then sent on 10 March and 16 March. I've seen the renewal invite – and it's addressed correctly.

The invite says, *"Your policy will renew automatically."* and *"If you don't want us to automatically renew your policy, please contact us before the renewal date."* The invite goes further to say, to renew the policy, UKI will take payment on 20 March, and it then notes the card details the payment will be taken from.

Mr A says he didn't receive the renewal invites until 6 April. It's unfortunate the renewal invites sent on 10 March and 16 March weren't received by Mr A until after his policy had renewed, but I can't hold UKI responsible for any delays in the postal service. And, because I think the information on the renewal does make it clear Mr A's policy will automatically renew and the method of payment they'll use, I can't say UKI have acted unreasonably in taking payment and renewing the policy.

I note Mr A says he spoke with UKI prior to the renewal date and a call handler confirmed his policy wasn't set for automatic renewal. I've listened to the call recording for two calls Mr A had with UKI on 16 March. During the first call, Mr A explains he has been involved in an accident. Later in the call Mr A explains he has noticed his policy is due to expire on 20 March, but he has received no notification of this. The call handler explains Mr A will need to speak with the customer services team about this. At the end of the call Mr A asks to be transferred to the customer services team. Mr A explains there's four days left before his policy expires and he hasn't received any notification. The call handler asks if Mr A's policy is set up for automatic renewal and Mr A explains he doesn't know. Mr A says, "*Perhaps it's automatic insurance then, I don't know...*" The call handler then offers to put Mr A through to customer services and Mr A explains he'll deal with it after he returns from holiday now and says, "*If it's automatic, it's automatic isn't it.*" The call handler explains it's best to check to ensure Mr A's vehicle isn't left uninsured.

Mr A then calls the customer services team and explains his policy is due for renewal on 20 March, but he hasn't received any notification so he's unsure whether he is on automatic renewal. The call handler explains they would still send documents at renewal, but post is taking some time. The call handler then checks Mr A's details on their system and explains a renewal quote was sent on 27 February and renewal invite on 10 March. The call handler offers to go through it now and Mr A explains he doesn't have time now and the call handler agrees to send another letter. Mr A explains a letter has been sent on 10 March and it hasn't arrived yet and in four days' time he'll be uninsured. The call handler says Mr A can go through it over the phone and Mr A explains he's going away the following week and he'll sort it when he returns.

I do understand Mr A was left frustrated when his policy did automatically renew, but I don't think UKI have acted unreasonably here. I say this for a number of reasons. Firstly, as mentioned above, the letters sent to Mr A did make it clear that his policy was set up for automatic renewal. I acknowledge Mr A says he didn't receive these prior to renewal, but I can't hold UKI responsible if delivery of the letters was delayed. Secondly, I note Mr A says the call handler confirmed his policy wasn't set up for automatic renewal, but having listened to both calls from 16 March, I don't agree this was confirmed to Mr A. In the first call Mr A appears to accept that if the policy is set up for automatic renewal, then it will automatically renew. In the second call, although Mr A does ask about automatic renewal, the agent doesn't appear to respond to this, and the conversation moves onto the letters which have been sent. Mr A doesn't ask UKI to allow his policy to expire and he also doesn't specifically ask UKI to cancel any automatic renewal. He does say he will deal with this on his return from holiday, but I don't believe this provides clear and definite instructions for UKI not to renew the policy.

That being the case, I don't think it was unreasonable for UKI to renew the policy – particularly as not doing so without clear instructions would've meant they've acted against the terms set out in their renewal invite, and also could potentially have left Mr A without insurance on his vehicle. I acknowledge Mr A says he was away so wouldn't be driving his vehicle, but no insurance would've meant Mr A's vehicle had no cover while parked. So, taking this all into account, I don't think UKI have acted unfairly here in automatically renewing the policy.

The key facts about the part of Mr A's complaint relating to the customer service isn't in dispute. UKI have admitted they got things wrong by not returning Mr A's call despite being assured they would call him. I note Mr A was left frustrated by this. UKI have paid Mr A £20 compensation to reflect the impact on Mr A – and I think that's fair and reasonable in the circumstances.

I understand why Mr A has complained, and I hope he feels reassured that I've carefully considered the pricing information from UKI. But I can't say they've made a mistake or treated Mr A unfairly. I wish to reassure Mr A I've read and considered everything he has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

My final decision

For the reasons I have given, it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 27 October 2023.

Paviter Dhaddy
Ombudsman