

## **The complaint**

Miss L complains about Uinsure Limited (“UL”) and the service she received after she took the decision to cancel her direct debit.

## **What happened**

In early September 2021, Miss L purchased a home insurance policy through UL, who were acting as the policy intermediary and administrator. Miss L made a single premium payment of £232.11, which was taken via direct debit.

A few weeks later, Miss L cancelled the direct debit with her bank directly. And UL received a notification making them aware of this. So, on 28 September, UL wrote to Miss L explaining her policy had been put on hold because of this and requested that she contact them if she wished for this to be reinstated.

But on the same day, UL internally reviewed the cancellation. And, as Miss L had already paid the entire premium amount, they reinstated the policy and set up a new DD for £0, as a live DD was required for their internal systems as the policy Miss L held was set for automatic renewal. They sent another letter to Miss L on 28 September confirming the reinstatement of the policy and a further letter on 29 September, confirming the new direct debit.

But Miss L says she only received the letter stating her policy was put on hold. And crucially, she didn’t receive the letter explaining it had been reinstated. So, Miss L felt she was forced into contacting UL to query this, due to the threatening nature of the letter. And Miss L was unhappy with the service she received from UL when attempting to discuss this, so she raised a complaint.

Miss L didn’t think UL were fair to place her policy on hold and send a letter threatening cancellation of the policy when she’d already paid the entire premium. She thought she was within her rights to cancel the direct debit to ensure the policy wasn’t automatically renewed the following year and she didn’t think UL’s process of needing a live direct debit was reasonable. So, she wanted UL to compensate her for the time and effort she spent speaking to UL to understand the situation, and the anxiety it caused. And she wanted UL to agree their process was unfair to customers in her situation, who had paid the entire premium is one direct debit payment.

UL responded to the complaint and didn’t uphold it. They understood Miss L’s frustrations, but they explained they require a live direct debit to be in place to help minimise the chance of a customer’s policy not renewing and so, being left uninsured. And they thought they’d fairly attempted to prevent any distress caused to Miss L by send a letter confirming the policy had been reinstated the same day they’d sent an automatic letter saying it had been put on hold. Because of this, they didn’t think Miss L had been detrimentally impacted in a way that required compensation and so, they didn’t think they needed to do anything more. Miss L remained unhappy with this response, so she referred her complaint to us.

Our investigator looked into the complaint and didn’t uphold it. They explained any issues

surrounding UL's complaint process fell outside of our services jurisdiction. And they explained they were unable to hold UL responsible for any issues caused by the postal service. So, as they were satisfied UL had sent a letter to Miss L confirming the policy had been reinstated on the same day they had sent a letter stating it had been placed on hold, they thought UL had acted fairly in an attempt to minimise any confusion and detrimental impact. So, they didn't think UL needed to do anything more.

Miss L didn't agree, and she raised several comments and questions detailing why. These included, and are not limited to, Miss L's continued belief that UL's process of requiring a live direct debit was unfair for customers who had paid for the premium in one payment. Miss L expressed her belief that, if this process wasn't in place, she wouldn't have experienced stress and anxiety she did. So, she maintained her view that UL should compensate her for this. As Miss L didn't agree, the complaint has been passed 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'm not upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

First, I want to recognise the impact this complaint has had on Miss L. I understand Miss L feels strongly about her right to cancel a direct debit should she see fit. And I appreciate Miss L feels UL's internal processes should cater for this right accordingly. So, when Miss L did cancel her direct debit and she received a letter saying her policy had been placed on hold, when it had almost a year to run, I can understand the confusion and frustration this would've caused. And I can also appreciate why Miss L would want UL to compensate her for this.

But for me to say UL should do something more, such as pay Miss L a compensatory amount, I need to be satisfied they made an error when sending Miss L this letter. Or, if I don't think they did, I'd need to be satisfied that they acted unfairly in some other way that impacted Miss L in such a way that it should be recognised financially. In this situation, I don't think that's the case.

Before I explain why I've reached my decision, I think it would be useful for me to set out clearly what I've been able to consider, and how.

I recognise Miss L is unhappy with the service she received, and in particular the way UL communicated with her, after she raised her concerns about the letter she received. But as this service was provided as part of UL's complaint process, this isn't something I'm able to consider as complaints handling isn't a regulated activity. So, I won't be commenting on this in any further detail within my decision.

I also recognise Miss L feels UL's internal process of requiring a live direct debit is an unfair one. And, that it's unreasonable for them to have automated letters sent, when a live direct debit is cancelled. But this internal process put in place by UL forms part of their commercial decision making, and this isn't something our service has the powers to comment on, or change. This would fall under the remit of the industry regulator, the Financial Conduct Authority. So, I won't be discussing, or commenting on, the fairness of UL's decision to require payment by direct debit, and a live direct debit to be in place for the duration of the policy.

Instead, I've focused solely on the service UL provided to Miss L, after she took the decision to cancel her direct debit, to decide whether I think they acted fairly and reasonably.

I want to make it clear I don't dispute it is Miss L's right to cancel a direct debit with her bank. And I also recognise why Miss L would feel this was a reasonable decision for her to make, to ensure the policy she took out didn't automatically renew. But crucially, I don't think this right means UL acted unfairly, or unreasonably.

I've seen the terms and conditions of the policy Miss L held, as well as the policy schedule. And I think these documents make it reasonably clear that the policy was due to automatically renew. But I think they also make it clear that Miss L would be made aware of the renewal in advance of the due date, in case she didn't wish to take out the policy for a further year. And, if Miss L didn't want an automatic renewal, that she could arrange this by contacting UL directly.

But I can't see Miss L did this and instead, she took the decision to cancel the direct debit. As there was a live direct debit with UL, Miss L's bank would've been obligated to notify UL about this. And UL have confirmed where a notification of a direct debit cancellation is received, an automatic letter is generated explaining the policy is on hold so they can review the policy itself to understand a way forward. I don't think it's unreasonable for UL to want to review a cancellation, as a direct debit cancellation may impact their ability to receive payment of premiums.

But I do recognise where a customer such as Miss L has paid the premium in full, this wouldn't be the case. So, I'd expect UL to review any cancellation in a timely manner. In this situation, I think UL did so, sending a letter to Miss L on the same day explaining the policy had been reinstated. While Miss L says she didn't receive this letter, I'm satisfied from the evidence I've seen that it was sent, and that it was sent to Miss L's correct address. And this is all I think UL could control. If there was an issue with the postal service and the delivery of this letter, this isn't something I can reasonably hold UL accountable for.

I also note UL then sent a letter to Miss L the following day, confirming the direct debit had been reinstated at a cost of £0, with no further payments due to be taken. As I've already mentioned above, UL have an internal policy that any live policy must have a live direct debit. So, I think they acted in line with their policy when reinstating a new direct debit and I don't think Miss L was negatively impacted by this, as no payment was due to be taken before the renewal.

I also don't think it was unfair for UL to set up this new direct debit as, at this time, Miss L hadn't contacted them to make them aware she didn't wish for the automatic renewal to take place in line with the policy terms and conditions. So, I think they were acting in Miss L's best interests to ensure they had a valid payment method available to them for the renewal to minimise the chance of Miss L being without insurance, should she have assumed an automatic renewal would take place.

So, while I do think there was confusion generated by the letter UL sent stating the policy had been placed on hold, I don't think Miss L was impacted by this in a way that means UL should compensate her. I think they acted swiftly to review the cancellation, and they sent a letter the same day confirming Miss L's policy was still in place. And these are the actions I'd expect UL to take in this situation.

And as I've already explained, it is not my role, nor the role of our service, to comment upon the fairness of UL's internal processes. Nor are we able to direct UL to change these. So, because of all of the above, I don't think UL need to do anything more on this occasion.

**My final decision**

For the reasons outlined above, I don't uphold Miss L's complaint about Uinsure Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 13 September 2023.

Josh Haskey  
**Ombudsman**