

The complaint

Mr H complains that Admiral Insurance (Gibraltar) Limited renewed his car insurance policy and then charged him for the time on risk and for cancelling it.

What happened

Mr H took out a car insurance policy with Admiral which started on 6 September 2020 and which renewed on 6 September 2021 and then again on 6 September 2022. As Admiral was unable to collect the payment for the renewal in 2022 it contacted Mr H to let him know via letter and e-mail. Admiral said if the premium wasn't paid it would cancel the policy.

The day the policy was due to cancel Mr H called Admiral to discuss the renewal price. As the policy had already renewed Admiral said it wasn't able to amend the price and if the premium wasn't paid then the policy would cancel that evening and a cancellation charge would be applied. Mr H said the policy was too expensive and so he would let it cancel. Mr H then took out another policy with a different insurer and complained to Admiral. He said he hadn't agreed for the policy to automatically renew and didn't think Admiral had acted fairly by doing so.

Admiral reviewed the complaint and didn't uphold it. It said it had issued renewal documents to Mr H before the policy renewed and so didn't think it had done anything wrong. As the policy had then been cancelled due to non-payment Admiral said Mr H owed it for the time on risk and cancelling the policy. It said as this hadn't been paid the debt had been passed to a debt recovery company. Mr H didn't agree and referred his complaint here, he said he only asked for a 12-month policy and Admiral should never have renewed it.

Our investigator looked into the complaint and didn't recommend it be upheld. She found that Admiral had sent out the renewal reminder as it should and also sent notifications of the cancellation. As Mr A hadn't arranged other insurance for his car until after the policy with Admiral was cancelled, our investigator thought it was fair for Admiral to charge for its time on risk. Mr H didn't agree and asked for an ombudsman's decision.

As Mr H didn't agree the complaint has come 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.

The terms and conditions of Mr H's policy say:

“Unless you have selected otherwise, we will automatically renew your policy on its renewal date and apply for your renewal premium from the payment details you have already provided.”

The terms go on to say the insured can opt out of this by letting Admiral know either by phone or online. I understand Mr H says he let Admiral know he didn't want to renew when the

policy started in 2021. Unfortunately, Admiral is unable to provide a copy of this call due to it being made in 2021 and it not keeping copies which go back that far. Admiral had Mr H's policy set to auto renew, so even if he had asked for it to not auto renew I'm not persuaded Admiral should do anything different in relation to the 2022 renewal as Mr H didn't get in contact until after the policy had renewed.

Admiral has provided the renewal documents issued to Mr H before the renewal date which ask him to review the details and confirm if anything has changed. It's also provided the notification which was sent when payment couldn't be taken on the day the policy started and the seven-day notice of cancellation as no payment was received.

I've also listened to the call made on 27 September 2022, when Mr H called to query his renewal and Admiral let Mr H know his renewal e-mail was sent on 17 August 2022 and that it showed as being delivered. Admiral also let Mr H know he'd been sent letters and e-mails following his policy renewal. Mr H acknowledged receiving one of these, which appears to be the last letter Admiral sent letting him know his policy would cancel. During the call Mr H discusses his policy and as Admiral couldn't reduce the price enough for Mr H, he said he would let the policy cancel to which Admiral confirm there would likely be a cancellation fee of £55 plus a charge for time on cover. Mr H responds by saying "okay". As this is in line with the policy's terms and conditions, I'm satisfied it's fair and reasonable for Admiral to charge it.

Mr H has provided a new insurance certificate for a different policy however this is dated around 3 weeks after his policy with Admiral renewed. I understand Mr H isn't happy Admiral renewed his policy with them. But I'm not going to tell Admiral to do anything different. I say this as it's clear Mr H needed to insure his car and didn't take out another policy until several weeks after the policy with Admiral renewed. It was then Mr H's choice to not continue with the policy with Admiral and go elsewhere. I'm therefore not persuaded Admiral acted unfairly by renewing his policy, charging for time on risk and charging a cancellation fee for cancelling it.

My final decision

For the reasons explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 1 September 2023.

Alex Newman
Ombudsman