



## Case study: Insurance

### INSURANCE CLAIM REJECTED AS NO POLICY IN PLACE BECAUSE THE INSURANCE COMPANY FAILED TO ADVISE THE CUSTOMER OF RENEWAL

Themes: Inadequate policies and procedures; customer's contributory conduct; lack of policy renewal notice

This complaint related to the failure of an insurance company to advise a customer that their policy was due for renewal.

In June 2020 Mrs C submitted a claim for £4,201 to her insurance company following damage to her vehicle. The insurance company advised Mrs C that she no longer had cover as this had lapsed when Mrs C had not renewed her policy in June 2019. Mrs C contacted the broker that had originally placed the policy to query why it had not been renewed. The broker advised Mrs C that the insurance policy renewal had been sent to her in June 2019 and that no response had been received from her. The broker also pointed out that no premium had been paid towards the policy so Mrs C should have been aware that the policy had not been renewed.

Mrs C made a formal complaint to the broker as she said she had not received the renewal letter. She said that the renewal letter should have been sent by recorded delivery and that the broker should have used an alternative method of contact to advise her that the renewal was due. Mrs C said that it was the broker's fault she had not been insured so it should cover the cost of her claim. Mrs C also complained that the broker had not accepted a verbal complaint and did not provide their complaints procedure until Mrs C had already submitted her complaint.

The broker reviewed their files and provided Mrs C with evidence to show that a letter inviting her to renew her policy was sent. They also advised that they had recently changed their process to call customers prior to policies lapsing but that this process was not yet in place at the time Mrs C's renewal invitation letter was sent out. In July 2020, the insurance company provided a final response to reject the complaint and Mrs C brought her complaint to CIFO.

CIFO investigated and noted that the broker's systems did indicate that a renewal notice letter had been issued. CIFO also noted that there is no requirement for a business to send all correspondence via recorded delivery. CIFO found that on the balance of probabilities the insurance company most likely sent the renewal invitation letter to Mrs C. CIFO concluded that it would be unreasonable to hold the broker responsible for Mrs C not being insured, especially as the policy had lapsed almost a year before her accident. CIFO did not uphold the complaint.