



<b><u>Decision Ref:</u></b>	2019-0082
<b><u>Sector:</u></b>	Insurance
<b><u>Product / Service:</u></b>	Car
<b><u>Conduct(s) complained of:</u></b>	Refusal to insure - failure to renew policy Dissatisfaction with customer service
<b><u>Outcome:</u></b>	Rejected

**LEGALLY BINDING DECISION  
OF THE FINANCIAL SERVICES AND PENSIONS OMBUDSMAN**

**Background**

The Complainant held a motor insurance policy with the Provider that fell due for renewal on **7 April 2018**. Her three sons were listed as named drivers on this policy. The Provider did not offer the Complainant renewal terms and the policy expired on **6 April 2018**.

**The Complainant's Case**

The Complainant sets out her complaint, as follows:

*"My car has been insured with [the Provider] since 04/15 with no change to my risk and no claims. [The Provider] cancelled my policy with 5 hours notice. My 3 sons are named drivers on the policy in 2017, no change in 2018. No claims bonus of 5+ years. I was advised at 12[noon] on 6/4/2018 that [the Provider] would not renew my insurance effective from midnight. I had 5 hours to find a new insurer. I need my car as a [occupation] for work. I had no time to shop around. I had to accept a premium increase of €1,000".*

In addition, in her correspondence to this Office dated 16 September 2018, the Complainant submits, *inter alia*, as follows:

*"[The Provider]'s response is that I failed to return a questionnaire within the timeline they initially indicated which I acknowledge (it was an oversight on my behalf). [The*

*Provider]’s response does not answer the question as to why they refused to offer me renewal terms after being a loyal customer for a number of years. There was no change in my risk from the previous year and I had no accidents or claims ...*

*While [the Provider] asked for more information, in 30 years of driving I have never found any insurer to not renew a policy. I have a full no claims bonus and there was no change of risk from the previous year. I understood the information request was procedural. [The Provider] could have advised earlier that they would not be renewing”.*

The Complainant seeks for the Provider “*to provide a contribution to my increased premium due to [its] shocking behaviour of leaving me with no insurance with 5 hours notice, even though no change in my policy and no claims”.*

### **The Provider’s Case**

Provider records indicate that the Complainant held a motor insurance policy with the Provider that fell due for renewal on 7 April 2018. Her three sons were listed as named drivers on this policy. The Provider did not offer the Complainant renewal terms and the policy expired on 6 April 2018.

The Provider wrote to the Complainant on **27 February 2018** advising that in order for it to provide her with a renewal offer for her policy, it required a copy of the relevant vehicle licensing certificate and for the enclosed policy questionnaire to be fully completed and signed, with both items to be provided by **13 March 2018**. This information was sought in order to ensure that the policy offered at renewal would provide the Complainant with the protection she required. The correspondence also advised the Complainant that if the information was not received by 13 March 2018 then the Provider would not be in a position to offer a renewal and that her policy would expire at 23:59 on 6 April 2018. The Provider also provided the Complainant with her no claims bonus so that she would in a position to shop around for a renewal quote. As a result, the Provider does not accept the Complainant’s contention that it first advised her on 6 April 2018 that it would not offer her renewal terms.

The Complainant telephoned the Provider at 09:51 on 4 April 2018 requesting a renewal price. The Agent reminded the Complainant of the correspondence dated 27 February 2018 and she advised that she would scan and email the requested information to the Provider. A copy of the relevant vehicle licensing certificate was received later by email on 4 April 2018, along with the completed questionnaire, which the Complainant had signed and dated 23 March 2018. In this regard, the Provider had previously advised the Complainant in writing on 27 February 2018 to submit the information requested by 13 March 2018. As this information was not received within the timeline stated, the Provider was not in a position to offer the Complainant renewal terms on the current policy.

However, the Agent who spoke with the Complainant by telephone at 09:51 on 4 April 2018 appealed this matter on her behalf to the underwriters to see if it could assist and review the information that the Complainant had belatedly supplied to the Provider by email that day.

The Complainant was advised by telephone on a number of occasions on 4 April and 5 April 2018 that this process could take up to 48 hours. Following a review by the underwriters on 6 April 2018, it was identified that regardless of the fact that the required information was not submitted within the requested timeframe, the Provider would not have been in a position to offer a renewal to the Complainant on the current policy, as the policy was no longer suitable to meet her needs. The Agent telephoned the Complainant at 16:38 on 6 April 2018 to advise that the appeal requesting a review of the policy questionnaire and the provision of renewal terms, had been unsuccessful as the information advised in the questionnaire indicated that the policy was no longer suitable for her.

Whilst the Complainant states that *"I had 5 hours [on 6 April 2018] to find a new insurer...I had no time to shop around"*, the Provider submits that any time constraints relating to her searching for a new quote was something over which it had no control. The Provider is satisfied that it had previously advised the Complainant in writing on 27 February 2018 that if she did not provide it with the requested information by 13 March 2018, then it would not be in a position to offer renewal terms and that her motor insurance policy would then lapse on 6 April 2018. The Provider also provided the Complainant with her no claims bonus on 27 February 2018 to facilitate her in shopping around for new motor insurance quotes. In this regard, the Provider is satisfied that ample time was given to the Complainant to source a motor insurance quote elsewhere. In addition, the Provider notes from the recording of the telephone call at 16:44 on 5 April 2018 that the Complainant advised the Agent, *"I've got another quote which I'm actually really keen to go ahead with but I just thought that if [the Provider] maybe now had a price together it might be just worth comparing"*, indicating that she had at that time, already obtained a quote from a different insurer.

The Complainant did not furnish the Provider with the information it requested on 27 February 2018 until 4 April 2018. Notwithstanding that it was to have been submitted by 13 March 2018, the Provider arranged for the information to be reviewed by the underwriters. However, following this review on 6 April 2018, it was identified that even if the information had been received by 13 March 2018, the Provider would not have offered a renewal quote to the Complainant as the policy was no longer suitable to meet her needs. In this regard, the Complainant completed the policy questionnaire indicating, *inter alia*, that one of her sons uses the vehicle 4 days a week and drives to school 2 days a week. Having reviewed the risk based on the information made available by the Complainant in the questionnaire, the Provider established that her then existing motor insurance policy was no longer suitable as the risk had changed since the policy had been inception.

The Provider is satisfied that it was at all times clear about the information it required from the Complainant and what date this was to be received by. It was also made clear to the Complainant as to what would happen if the Provider did not receive this information on time, that is, that it would not be in a position to offer renewal terms. The Provider notes that it was the Complainant's responsibility to provide the information requested within the

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timeframe given, so that the Provider could determine if it was in a position to provide a renewal quote.

### **The Complaint for Adjudication**

The Complainant's complaint is that the Provider wrongly or unfairly and belatedly declined to renew her motor insurance policy.

### **Decision**

During the investigation of this complaint by this Office, the Provider was requested to supply its written response to the complaint and to supply all relevant documents and information. The Provider responded in writing to the complaint and supplied a number of items in evidence. The Complainant was given the opportunity to see the Provider's response and the evidence supplied by the Provider. A full exchange of documentation and evidence took place between the parties.

In arriving at my Legally Binding Decision I have carefully considered the evidence and submissions put forward by the parties to the complaint.

Having reviewed and considered the submissions made by the parties to this complaint, I am satisfied that the submissions and evidence furnished did not disclose a conflict of fact such as would require the holding of an Oral Hearing to resolve any such conflict. I am also satisfied that the submissions and evidence furnished were sufficient to enable a Legally Binding Decision to be made in this complaint without the necessity for holding an Oral Hearing.

A Preliminary Decision was issued to the parties 7 February 2019, outlining the preliminary determination of this office in relation to the complaint. The parties were advised on that date, that certain limited submissions could then be made within a period of 15 working days, and in the absence of such submissions from either or both of the parties, within that period, a Legally Binding Decision would be issued to the parties, on the same terms as the Preliminary Decision, in order to conclude the matter.

In the absence of additional submissions from the parties, the final determination of this office is set out below.

The complaint at hand is that the Provider wrongly or unfairly and belatedly declined to renew the Complainant's motor insurance policy. In this regard, the Complainant held a motor insurance policy with the Provider that fell due for renewal on 7 April 2018. Her three sons were listed as named drivers on the policy. The Provider did not offer the Complainant renewal terms and the policy expired on 6 April 2018. The Complainant sets out her complaint, as follows:

*"My car has been insured with [the Provider] since 04/15 with no change to my risk and no claims. [The Provider] cancelled my policy with 5 hours notice. My 3 sons are*

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*named drivers on the policy in 2017, no change in 2018. No claims bonus of 5+ years. I was advised at 12[noon] on 6/4/2018 that [the Provider] would not renew my insurance effective from midnight. I had 5 hours to find a new insurer...I had no time to shop around. I had to accept a premium increase of €1,000”.*

In this regard, I note from the documentary evidence before me that the Provider wrote to the Complainant on **27 February 2018**, as follows:

*“In order to ensure your motor insurance policy provides you with the protection you need, we require some additional information. We would also like to take the opportunity to highlight the importance of disclosing the main user/driver of the car insured under this policy.*

*“Fronting” is a term used in the Insurance Industry to describe when a parent, relative or other party insures a car in their own name (as the policyholder), declaring that they are the main user/driver of the car, while an additional named driver (often a young or inexperienced additional driver) on the policy, who is declared as an occasional user of the car, is in fact the main user/driver of the car.*

*When insuring an additional named driver(s) on any car, the policyholder must consider how often the car is used by such driver(s) and the general use of the car. In many cases the additional driver(s) will be an occasional driver/user of the car, which is acceptable. However, where such additional driver’s use of the car is not occasional and such driver is the main user/driver of the car this must be disclosed to [the Provider] (for example, if a young or inexperienced additional named driver is using the car to regularly commute to work or place of education, their use of the car is more frequent than that of the policyholder, or they are the registered owner of the car).*

*[The Provider] occasionally performs random quality assurance audits on policies and this may identify where a policyholder many have, in error, incorrectly identified or stated to us the main user/driver of the car insured. These audits allow [the Provider] to investigate the policy further and are for the protection of both the policyholder and [the Provider].*

*We would ask you to give consideration to the usage of any additional named driver (particularly any young or inexperienced additional driver(s)) currently named on your policy. If you have any concerns with regard to the main user/driver of the car please contact us immediately. Enclosed is a policy questionnaire and declaration which we require you to complete in full, sign and return to us along with a copy of the VRC by 13/03/2018”.*

In addition, the Provider also wrote to the Complainant on 27 February 2018, as follows:

*“In order for us to provide you with an invitation to renew your motor policy within the timescales noted in the Non-Life Insurance (Provision of Information)(Renewal of*

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*Policy of Insurance) Regulations 2007, we will require the following information/ documentation to be provided to us by 13/03/2018:*

- Copy of the vehicle licensing certificate for the vehicle on cover;
- Enclosed policy questionnaire to be fully completed.

*We would appreciate if you would return this information to us in the time scale indicated, to allow us to prepare your renewal invitation in compliance with the regulations referred to above.*

*In the event we do not receive the required information, your policy will expire at 23:59 on 06/04/2018. It is imperative that the vehicle covered under the above policy is not driven after this date unless alternative cover has been arranged on the vehicle.*

*To enable you to do this we have arranged for your current Statement of No Claims Bonus to be sent to you separately. If you have any questions please do not hesitate to contact us”.*

As it had not received a copy of the relevant vehicle licensing certificate and the completed policy questionnaire from the Complainant by 13 March 2018, I note from the evidence before me that the Provider wrote to the Complainant on **14 March 2018**, as follows:

*“We refer to our letter of 27/02/2018 and we do not appear to have had a reply to date.*

***Will you please give this your urgent attention** and we enclose a free post envelope for your reply”.*

**[Emphasis added]**

I am satisfied that in its correspondence dated 27 February 2018, the Provider clearly advised the Complainant that in order for it to provide her with a renewal offer for her policy that it required certain information and that if this was not received by 13 March 2018 then it would not be in a position to offer her a renewal and her policy would lapse at 23:59 on 6 April 2018. As the Complainant did not provide the Provider with the information requested by 13 March 2018, and indeed did not contact the Provider at all until 4 April 2018, I am satisfied that it was reasonable for the Provider to conclude that the Complainant was not seeking to renew her policy.

In this regard, the ***Non-Life Insurance (Provision of Information) (Renewal of Policy of Insurance) Regulations 2007 (S.I. No. 74/2007)*** provides, *inter alia*, as follows:

*“5. (1) An insurer shall, not less than 15 working days prior to the date of expiry of a policy of insurance:*

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- (a) where the insurer wishes to invite a renewal, issue to the client in writing a notification of renewal of the policy of insurance, or
- (b) issue to the client in writing a notification that it does not wish to invite a renewal, **unless in the case of this sub-paragraph (b) the insurer has reason to believe that the client would not wish to renew the policy**".

**[Emphasis added]**

The Complainant submits that "[the Provider] cancelled my policy with 5 hours notice...I was advised at 12[noon] on 6/4/2018 that [it] would not renew my insurance effective from midnight". In addition, in her correspondence to this Office dated 16 September 2018, the Complainant submits, "I failed to return a questionnaire within the timeline they initially indicated which I acknowledge (it was an oversight on my behalf)...I understood the information request was procedural. [The Provider] could have advised earlier that they would not be renewing".

I am satisfied that the Provider provided the Complainant with clear notice in its correspondence dated 27 February 2018 of what would happen if she failed to provide it with the information it requested by 13 March 2018, insofar as the Provider advised that it would not then be in a position to offer the Complainant renewal terms and that her policy would expire at 23:59 on 6 April 2018. The onus was on the Complainant to provide the information requested by the specified time and it would have been prudent of her to have done so. By not providing the information requested by 13 March 2018, the Complainant had been made aware from that date onwards that the Provider would not be offering her renewal terms and that her policy would lapse at 23:59 on 6 April 2018.

I note that in her correspondence to this Office dated 16 September 2018, the Complainant submits, *inter alia*, that "[the Provider]'s response does not answer the question as to why they refused to offer me renewal terms after being a loyal customer for a number of years. There was no change in my risk from the previous year and I had no accidents or claims".

I note from the evidence before me that the Complainant telephoned the Provider at 09:51 on 4 April 2018 requesting a renewal price. The Agent reminded the Complainant of the correspondence dated 27 February 2018 and the Complainant advised that she would scan and email the requested information to the Provider. In this regard, I note that the Provider received by email marked [**\*\*Urgent\*\***] at 12:02 on 4 April 2018 a copy of the relevant vehicle licensing certificate and the completed policy questionnaire. In completing and signing the Policy Questionnaire on 23 March 2018, the Complainant answered, *inter alia*, the following questions:

- “6. Are you, the policyholder, the main driver/user of this vehicle (Yes/No)? **Yes**
- 7. Do you, the policyholder, use this vehicle as your main mode of transport daily (Yes/No)? **Yes ...**
- 8. Is any other driver the main user or does any other driver use this vehicle more frequently than you, the policyholder (Yes/No)? **No ...**

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10. Do you, the policyholder, have any other vehicles registered in your name (Yes/No)? **Yes**
11. Do you, the policyholder, have access to another vehicle to drive on a regular basis? (Yes/No)? **Yes**
  - a. If yes how many days per week do you the policyholder use this other vehicle (1-7)? **3**
12. Do you, the policyholder, drive another vehicle more regularly than the car insured under this policy (Yes/No)? **No**
13. Do you, the policyholder, insure any other vehicles in your name (Yes/No)? **Yes**
14. Are you, the policyholder, the principle (sic) driver or main user of any other vehicle? (Yes/No)? **Yes ...**
15. Does [Person 1, Person 2] or [Person 3] use/drive the vehicle more regularly than you (Yes/No)? **No**
16. How many days per week does [Person 1] use/drive [the vehicle] (1-7)? **0**
17. How many days per week does [Person 2] use/drive [the vehicle] (1-7)? **4**
18. How many days per week does [Person 3] use/drive [the vehicle] (1-7)? **1**
19. Does [Person 1, Person 2] or [Person 3] use this vehicle to commute to work/school/college (Yes/No)? **Yes**
  - a. If yes please advise now many days per week [Person 2] uses [the vehicle] to commute (1-7)? **2**
20. Is the vehicle insured under this policy....intended for [Person 1, Person 2] or [Person 3] as their main vehicle and for them to drive more regularly than you (Yes/No)? **No**".

In this regard, I note from the documentary evidence before me that the Provider wrote to the Complainant on 6 April 2018, as follows:

*"Following receipt on 4<sup>th</sup> April 2018 of the information we requested on 27<sup>th</sup> February 2018 under the Motor Insurance (Provision of Information) (Renewal of Policy of Insurance) Regulations 2007 we are notifying you the policyholder in writing that we wish to advise that we are not providing you with an invitation to renew this current policy as this product does not meet your insurance requirements.*

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*Please note that this does not constitute a refusal of cover or renewal for the purposes of obtaining a motor insurance quotation in the future as this current policy purely does not meet your insurance needs.*

*All cover will expire from midnight on 6<sup>th</sup> April 2018”.*

In addition, in its correspondence dated 18 April 2018, the Provider advised the Complainant, as follows:

*“Unfortunately due to changes in our underwriting criteria the risk no longer meets our acceptance criteria and therefore does not meet your requirements. We cannot continue to insure your car...because you advised us that you are the principle (sic) driver of another car that is registered and insured in your name and that you have access to another vehicle on a regular basis. Please note this is a refusal of cover and will not affect you when obtaining elsewhere in future.*

*We issued a questionnaire to you on 27 February 2018 to ensure that we are covering the correct risk for you. We also referred to the term ‘fronting’ in this letter. Fronting is when a person insures a car in their own name on behalf of another driver, who is often younger and less experienced. The policy is set up with the main driver advising that they are the main user of the vehicle when in fact the younger driver is actually the main user. Many people involved in ‘fronting’ do not realise that what they are doing is wrong. However, we have a duty of care to ensure that our customers’ information held on our records is correct. As an insurance company we have a responsibility to ensure we are covering the correct risk, fronting could result in a claim not being paid and could also render the policy invalid. We must constantly review the performance of our policies and adjust our acceptance criteria according to our claims experience.*

*Due to the recent changes to our underwriting experience we are reviewing customers’ policies to ensure that our customers have adequate protection on their policy and to confirm that the risks we cover remain within our acceptance criteria.*

*We are unable to renew policies for certain risks if policy is no longer fit for purpose.*

*We appreciate that you advised us that you are the main driver of [the vehicle] and that [two of] your sons also drive the car a few days during the week/weekend. We also appreciate that you told us that you only drive your other car for a few months during the summer. However we recognise that our customers’ lifestyle circumstances can change and that this can affect the usage of the car at different times during the policy year. In some cases when multiple drivers are insured on a car policy there is the potential that the main driver can change throughout the policy year. Therefore we must take these potential changes of the usage of the car into account when deciding the risks that we can insure.*

*In order for a policy to be insured correctly the policy holder must be the main/principle (sic) driver of the car at all times during the lifetime of the policy.*

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*Named drivers are only covered to drive the car occasionally and less frequently than the policyholder”.*

I am satisfied from the evidence made available, that the Complainant did not furnish the Provider with the information it requested on 27 February 2018, until 4 April 2018. Notwithstanding that such information was to have been submitted by 13 March 2018, I note that the Provider then arranged for this information to be urgently reviewed by the underwriters. Following this review on 6 April 2018, the Provider submits that even if the information had been received by 13 March 2018, it would not have offered a renewal quote to the Complainant as the policy was no longer suitable to meet her needs. In this regard, I note that the Complainant completed the policy questionnaire indicating, *inter alia*, that one of her sons uses the vehicle 4 days a week and drives to school 2 days a week. Having reviewed the risk based on the information provided by the Complainant in the questionnaire, the Provider established that her then existing motor insurance policy was no longer suitable, as the risk had changed since the policy had been incepted.

The Complainant states in her email to this Office dated 29 October 2018 that *“there has been no change in the insurance details for the previous year”*. That may be so, but the information supplied by the Complainant in completing the Policy Questionnaire may have been the first time that the *“insurance details”*, such as details of the usage of the vehicle by the named drivers, was ascertained by the Provider and assessed against its underwriting acceptance criteria for the then current policy year.

The Complainant’s motor insurance policy was an insurance policy like any other contract, that is, it is based on the legal principles of offer, acceptance and consideration. Each year, a Provider may offer terms which can be accepted by those seeking insurance, who then elect to pay the premium requested, which represents the consideration for the contract. The policy held by the Complainant with the Provider was a one year policy and the Provider was not obliged to renew the policy annually.

The evidence before me does not disclose any wrongdoing on the part of the Provider and therefore I take the view that this complaint cannot be upheld.

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**Conclusion**

My Decision pursuant to **Section 60(1)** of the **Financial Services and Pensions Ombudsman Act 2017**, is that this complaint is rejected.

**The above Decision is legally binding on the parties, subject only to an appeal to the High Court not later than 35 days after the date of notification of this Decision.**

**MARYROSE MCGOVERN**  
**DIRECTOR OF INVESTIGATION, ADJUDICATION AND LEGAL SERVICES**

4 March 2019

Pursuant to **Section 62** of the **Financial Services and Pensions Ombudsman Act 2017**, the Financial Services and Pensions Ombudsman will publish legally binding decisions in relation to complaints concerning financial service providers in such a manner that—

**(a) ensures that—**

**(i) a complainant shall not be identified by name, address or otherwise,**

**(ii) a provider shall not be identified by name or address,**

**and**

**(b) ensures compliance with the Data Protection Regulation and the Data Protection Act 2018.**