An tOmbudsman Seirbhísí Airgeadais agus Pinsean
Financial Services and Pensions Ombudsman

Decision Ref:	2020-0338
Sector:	Insurance
Product / Service:	Household Buildings
Conduct(s) complained of:	Automatic renewal Maladministration
Outcome:	Rejected

LEGALLY BINDING DECISION OF THE FINANCIAL SERVICES AND PENSIONS OMBUDSMAN

The complaint concerns a policy of home insurance.

The Complainant's Case

The Complainant states that she purchased home insurance with the Provider in **2016**. The Complainant says that in **2017**, her home insurance cover was automatically renewed for the 2017/2018 annual period using direct debit instructions from the initial purchase. The Complainant states that she contacted the Provider to query the renewal, and she was told that "*unless I rang to cancel it automatically renews".*

The Complainant states that the cover was automatically renewed in **2018** for additional annual cover. The Complainant says that she ensured to contact the Provider in advance of the next renewal date in order to cancel the direct debit instructions and the automatic renewal. The Complainant further attests that on **8 May 2019**, she contacted the Provider by phone to state that "*I absolutely do not want it to renew automatically".* The Complainant contends that she stated this multiple times throughout the phone call, and that the Provider stated it would "*cancel off the d/ds there".*

The Complainant says that, when the renewal period occurred, the direct debit for the annual cover was paid.

The Provider's Case

The Provider states that in relation to the telephone call of **8 May 2019**, the Complainant "*clearly advised that you did not wish to renew by direct debits but asked that we provide a quotation for you to consider".* The Provider says that its customer service agent:

> "*should have amended the payment method from the direct debits to full payment to avoid any further direct debits being collected and advised you that should you have wished to proceed with the renewal that you should contact us to advise and to arrange payment".*

The Provider states that the first payment of €65.63 was taken from the Complainant via direct debit, and that when the Complainant complained of this, the full amount was refunded to her. The Provider states that it also included as "*a gesture of good will and in acknowledgement of the poor customer service experienced",* a €50 retail voucher for the Complainant.

The Complaint for Adjudication

The complaint is that the Provider failed to follow the Complainant's instruction to cancel the direct debit payment in advance of the automatic renewal of the policy.

The Complainant wants the Provider to proffer "*the maximum financial compensation for the manner in which this has been dealt with and the poor response from* [the Provider] *in this matter".*

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.

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A Preliminary Decision was issued to the parties on **14 September 2020**, 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, within the period permitted, the final determination of this office is set out below.

2016

The Complainant first purchased her home insurance policy with the Provider in **2016**. I noted from the evidence provided to this Office that the information made available to the Complainant for automatic renewal of the policy, was specified in policy documentation under "***Payment by Instalments***", *which included "****Frequently Asked Questions***" which specified as follows:

> ***Do I have to re-apply every year?***
> ***No.*** *Once you are a participant and have paid all due instalments, we will write to you each year before renewal telling you of any changes. We will continue to apply to your Bank for the monthly amount due."*

2017

I note from audio files submitted to this Office, that on **9 June 2017**, the Complainant, having received her renewal information, telephoned her Provider enquiring as to why there had been such an increase in her premium. The Provider's Agent informed the Complainant that the reason for the increase was based on the market rate. The Complainant sought a discount on the premium and was informed that this was the best price the Provider could offer. The Complainant asked to pay her premium in instalments, and the Provider's Agent informed her that she would have to pay a 10% deposit and the remainder would be paid by instalments. The Provider's Agent also advised that once she was on direct debit, the policy would automatically renew every year and that if she wished to cancel the policy before the renewal date, this could be done by telephoning the Provider.

The Provider has stated in that regard:

> "*It was also outlined to the customer on the call of 09/06/17 when the direct debit payment was set up, that the policy rolls over automatically at renewal if the payment method is on direct debit and she would need to contact us to cancel if not wishing to proceed at each renewal term."*

I accept that the Complainant was on notice of the automatic renewal in 2016 when she first purchased the policy, as the policy documentation contained information relating to automatic renewal. The Complainant was further made aware of the automatic renewal during the telephone conversation with the Provider on the **9 June 2017**, when she requested to pay in monthly instalments by direct debit.

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2018

On the **13 June 2018**, the Complainant telephoned the Provider and informed the Provider's Agent that she was not happy with the increase in premium. The Complainant asked the Provider's Agent if she could cancel her policy and was told that she could cancel the policy and all she had to do was to telephone the Provider and there was no cancellation fee. The Complainant told the Provider's Agent that she would shop around as she was not happy with such an increase and that she would come back to the Provider.

2019

The Complainant telephoned the Provider on the **8 May 2019** and informed the Provider's Agent at the outset that "*I absolutely do not want it renewed automatically".* The Provider's Agent then informed the Complainant that she would cancel the policy and the direct debits from the **11 June 2019**. The Provider informed the Complainant that a renewal pack had already been issued to her and she informed the Provider's Agent that she was quite confident that she would not be renewing with the Provider as she would get a better price elsewhere.

I note that the Provider's Agent then asked the Complainant "*Will I leave it for now then* [Complainant's Name] *or do you want me to cancel it",* to which the Complainant informed the Provider's Agent to leave it active for now. The Provider says that:

> "*This is where the misunderstanding arose. Though a clear instruction was received at the outset, the agent was under the impression that the customer would review the renewal upon receipt, obtain prices elsewhere and would revert to us to cancel at that point".*

In applying the relevant provisions of the Consumer Protection Code, 2012, I noted that provision *Section 2.2* requires that a regulated entity "*acts with due skill, care and diligence in the best interests of its customers*". The Provider acknowledges:

> "*The agent should have amended the payment method from direct debits to full payment to avoid any further direct debits being collected and advised the customer that if she wished to proceed with the renewal to contact us to arrange payment".*

Provision *2.4* of the Consumer Protection Code requires that a regulated entity:

> "*has and employs effectively the resources, policies and procedures, systems and control checks, including compliance checks, and staff training that are necessary for compliance with this Code".*

I am of the view, bearing in mind the contents of the telephone call on the **8 May 2019** that there was a genuine misunderstanding on the part of the Provider's Agent, owing to the nature of the instruction given by the Complainant. I accept that the Provider made a human error as it appears from the phone call of **8 May 2019**. The Provider's agent was helpful in correcting the mistake and ensuring that the policy was cancelled and the Complainant was refunded, following a further telephone call, some 5 weeks later, on the **13 June 2019**.

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Provision *4.1* of CPC requires that:

> *"A regulated entity must ensure that all information it provides to a consumer is clear, accurate, up to date, and written in plain English. Key information must be brought to the attention of the consumer. The method of presentation must not disguise, diminish or obscure important information."*

I note that the Complainant was made aware of the automatic renewal in each renewal notice, though in a letter to the Complainant on the **15 August 2019**, the Provider informed her that:

> *"As a result of your recent experience we will review the wording in our renewal documentation and the process where customers' policies have automatically renewed on instalments. We wish to thank you for highlighting this matter to us".*

I have also noted from the evidence that the Complainant was not orally informed of the automatic rollover in 2016, as the Complainant was not paying by direct debit until she requested this in June 2017; therefore the automatic renewal did not apply at that earlier time.

I am pleased to see that the Provider has since advised that it was reviewing the wording in its renewal documentation, arising from the issues which the Complainant had raised; such a review is welcome as it is important for policyholders to clearly understand the contractual arrangements which are offered, so that a fully informed decision can then be made.

When the Complainant telephoned the Provider on **13 June 2019**, informing the Provider that it was her wish to cancel the policy from the renewal date, I note that the Provider's "*Renewals team listened back to the call of the 05/05/19 and the direct debit of €65.63 that had been collected was refunded*". Furthermore, in its Final Response Letter to the Complainant on the **15 August 2019,** the Provider acknowledged the error and apologised to the Complainant, and offered a €50.00 voucher as a gesture of goodwill for the poor customer service the Complainant experienced.

Accordingly, I am satisfied that in this instance, as soon as the Provider noted its error, it moved swiftly to address the situation, in order to correct the issue which had arisen as a result of what appears to me, to have been a genuine misunderstanding. I do not believe in these circumstances that the Provider has a further case to answer, or that it would be appropriate to uphold this complaint.

Conclusion

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

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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
DEPUTY FINANCIAL SERVICES AND PENSIONS OMBUDSMAN

6 October 2020

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.