

The complaint

Mr P complains MCE Insurance Company Limited unfairly declined a claim against his motorcycle insurance policy after they failed to renew it.

Mr P thinks the claim should be met.

What happened

Mr P took out motorcycle insurance with MCE in March 2020 and the policy wasn't set up to automatically renew.

Mr P said his motorcycle was stolen between 14 and 15 March 2021, so he raised a claim. MCE declined it and said no active cover was in place when the theft occurred. Mr P wasn't happy about this, so he complained.

MCE said they sent renewal documents to Mr P in February 2021. They said this set out that the policy wouldn't automatically renew, and Mr P needed to call them. And as he didn't, the policy lapsed. They also said they informed Mr P the policy lapsed on 14 March 2021 by text and email, and again on 26 March 2021 by email.

Mr P said he received the February 2021 renewal documents and the 26 March 2021 email to say the policy lapsed, but not the 14 March 2021 communications.

Mr P later contacted MCE in April 2021 to request a copy of his previous insurance documents. MCE said during the first call Mr P made, he made it clear he was aware the policy lapsed. And after calling twice to request his previous insurance documents, MCE sent him a new certificate of insurance in error which stated Mr P was insured from 13 March 2021.

Mr P says the new certificate of insurance sent to him demonstrates he was insured at the time of the theft, MCE failed to take payment for the new policy and the claim should be met.

MCE maintained Mr P was already aware the policy had lapsed before he received the new certificate of insurance they sent in error. And the policy documents, renewal invitation and correspondence sent in March 2021 made it clear the policy wouldn't automatically renew and had lapsed. So, they didn't agree to meet the claim as no active policy was in place.

Mr P says he made an error when assuming the policy would automatically renew but thinks the claim should be met. And by MCE failing to do so has caused him distress and inconvenience. As he remained unhappy with the way MCE handled things, he approached our service for an independent review.

An investigator here considered the complaint but didn't recommend it be upheld. She felt the documents Mr P received from MCE regarding the 2021 renewal made it clear the policy wouldn't automatically renew. And MCE had provided enough evidence to demonstrate they made Mr P aware of this, and that the policy had lapsed in March 2021. Therefore, she didn't think MCE acted unfairly when declining the claim as no active policy was in place.

Mr P didn't agree and asked for an ombudsman to decide. So, the case was 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.

Whether MCE made it clear the policy wouldn't automatically renew

When arriving at my decision, the key finding I need to make is whether I think MCE provided Mr P with reasonable notice that the policy wouldn't automatically renew. Mr P said he received the February 2021 renewal invitation and the 26 March 2021 email saying the policy had lapsed. But he didn't receive the 14 March 2021 email and text MCE say was sent to confirm the policy had lapsed.

My starting point here is the policy terms which say:

'Definitions relating to Your Policy

Period of Insurance

The length of time covered by this contract of insurance, as shown on the current policy schedule and certificate of motor insurance. Please note your this policy will not automatically renew.'

The key facts document also sets out the policy will not automatically renew. This means that, unless Mr P contacted MCE at the time the policy was due to renew, the policy would lapse at the end of the contract term. Having considered this, I'm not satisfied MCE acted unfairly or made an error when not carrying out an automatic renewal of the policy.

Mr P says MCE made an error when failing to take payment for the policy. But, given the above, I don't agree. And I say this because the policy was never due to automatically renew, which I think was clearly set out by MCE in this case.

Furthermore, the February 2021 renewal invitation also sets out that the policy wouldn't automatically renew, and Mr P was required to call MCE in order to do so. Given Mr P told us he received the February 2021 renewal invitation, I'm satisfied on balance, he was given reasonable notice he would need to contact MCE to renew the policy.

Whether Mr P was reasonably aware the policy had lapsed

Mr P said he received MCE's email of 26 March 2021 which said the policy had lapsed. He didn't however receive an email or text message from MCE on 14 March 2021 to say the policy had lapsed.

I understand Mr P's frustration here and I've no reason to doubt his testimony that these communications weren't received. MCE provided system screenshots they say demonstrates contact was made by email and text on 14 March 2021 – using the same email address and phone number Mr P had given when setting up the policy in 2020.

I've considered this. And as I think Mr P was reasonably made aware the policy wouldn't automatically renew, I don't find that this aspect of the complaint has a material bearing on the outcome. I say this because the policy was never due to automatically renew – which the

policy and February 2021 renewal invitation in my view made clear. So, whilst MCE says the communications on 14 March 2021 were sent, and Mr P says these weren't received, I'm satisfied it was already clear the policy wouldn't be active after the end date unless Mr P made contact.

Mr P also said when the theft occurred – which he said was during the evening of 15 March 2021 when he submitted the complaint to us – he'd found a message on MCE's website that said the policy wasn't active. After seeing this, he said he contacted MCE by phone and was told the policy had lapsed as he hadn't renewed it, and he checked the email he received from MCE which confirmed this to be the case.

Mr P told us he reported the theft to MCE on 15 March 2021. Therefore, it's fair to say Mr P was likely aware the policy had lapsed after looking at the policy documents online and making a call to MCE on 15 March 2021.

The new certificate of insurance that was sent to Mr P

Mr P contacted MCE in April 2021 to request a copy of his previous insurance documents. I've listened to the calls, and it's clear Mr P was aware at this stage the policy had lapsed. After calling twice, MCE provided him with a new certificate of insurance – rather than the previous policy documents he requested – which they said was sent in error.

I can appreciate this would have caused Mr P some confusion, as all parties at this stage were aware the policy had lapsed. As Mr P had contacted MCE for a copy of his previous insurance documents, I'm satisfied this was sent to him in error as no active policy was in place – given the policy wasn't renewed by Mr P, and never was intended to be automatically renewed. So, I don't think, by MCE sending a new certificate of insurance in error, should mean the claim should succeed. I say this because the policy wasn't renewed.

Mr P also said he received an email to say the policy lapsed on 14 March 2021. And it's possible his motorcycle was stolen between 14 and 15 March 2021, and therefore he was on cover. But it's important to note the policy wasn't active on 14 March 2021 in any event. I say this because Mr P's policy schedule provides a contract end date of Midnight on 13 March 2021. So, whilst I'm sorry to disappoint Mr P, I don't find MCE acted unfairly by declining the claim or made an error by failing to automatically renew the policy. As such, I don't require MCE to do anything further.

I appreciate my decision will come as a disappointment to Mr P. But my decision ends what we – in attempting to resolve his dispute with MCE – can do for him.

My final decision

For the reasons given above, I don't uphold it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 19 January 2022.

Liam Hickey
Ombudsman