

The complaint

Mr K complains that UK Insurance Limited (UKI) treated him unfairly by not renewing his landlord insurance while he had an open claim on the policy.

What happened

Mr K had a UKI landlord insurance policy. He had an open claim with UKI when his policy was up for renewal in December 2022. Mr K says, in summary:

- He spoke to a UKI agent at the end of November/early December 2022 to discuss his claim. The agent said someone would call again soon to discuss further.
- Around mid-December 2022, he hadn't heard from UKI so he phoned to renew his policy.
- The call handler told him UKI wouldn't renew it.
- He's been unable to find cover elsewhere because of the open claim. He's been without cover on his rental property since December 2022.

He complained to UKI. UKI said it didn't renew the policy "*due to a breakdown in relationship*". It told Mr K:

- The policy expired on 23 December 2022.
- It wrote to him on 14 December 2022 to say it wasn't going to renew his policy.
- Mr K spoke to UKI on 20 December 2022, so he was aware UKI wasn't renewing his policy before it expired.
- This allowed Mr K "*sufficient time to gain alternative cover with another insurer*".
- It hasn't added Mr K to a cancellation register.

Our investigator recommended that the complaint should be upheld. He thought UKI's decision not to renew Mr K's insurance was based on an incorrect interpretation of events and was unreasonable. He found that this caused Mr K distress and inconvenience and thought UKI should pay Mr K £200 to reflect this. He also thought it should confirm – both in writing to Mr K and on any internal or external databases – that it hadn't refused to insure Mr K, so that this didn't have any impact on Mr K's ability to get insurance.

UKI didn't accept our investigator's findings, so the case was passed to me to make a final 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.

UKI's argument is that its decision not to renew was because its relationship with Mr K had broken down. I don't think that's fair or a reasonable interpretation of events. For example, I've seen a December 2022 email discussion about Mr K's renewal. One email explicitly links Mr K's refusal to accept the settlement offer for his open claim to UKI's decision not to

renew. I note that our investigator separately found that this offer was too low and that UKI accepted this.

The internal emails also mention offering Mr K a temporary extension of cover while his claim was being investigated. I think this would have been an appropriate interim measure but unfortunately it wasn't taken any further.

I find that UKI didn't renew Mr K's policy because he didn't accept its proposed settlement for his claim. I'm disappointed that UKI hasn't acknowledged this.

I also think UKI's handling of this was unfair. It didn't make a decision about renewal until 14 December 2022, less than 10 days before the policy expired. Even if the 14 December letter was sent the same day it was generated, this was during Christmas post so there's no guarantee Mr K would receive it before his policy expired. In my opinion, UKI didn't give Mr K reasonable time to seek alternative cover.

In his 20 December 2022 call to UKI, Mr K said that he'd been waiting for someone to call him to discuss his claim and renewal. He also said he hadn't received the 14 December letter. I accept his evidence on both points. I've no doubt that the first time Mr K became aware that his policy wouldn't be renewed was just three days before it expired.

In my opinion, this caused Mr K a great deal of inconvenience and added to what was already an incredibly stressful situation. Mr K told us he couldn't get alternative cover because his property was vacant, there was an open claim against him, and his existing insurer wouldn't renew. He says this caused him serious "*angst and apprehension*".

I've thought very carefully about our awards in similar circumstances. Having done so I think UKI should pay Mr K £300.

My final decision

My final decision is that I uphold this complaint and order UK Insurance Limited to pay Mr K £300 to reflect the distress and inconvenience its decision not to renew his insurance caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 26 July 2024.

Simon Begley
Ombudsman