

## **The complaint**

Ms W has complained that Hood Group Limited ('Hood') wouldn't process her claim for storm damage under her home insurance policy.

## **What happened**

Unfortunately, Ms W's property suffered a serious flooding incident in October 2023, and she contacted Hood to inform it about the incident. However, Hood informed her that the policy had lapsed and there was no cover in place. Hood stated that when Ms W had called in March 2022 to confirm her policy renewal, she'd been informed that the policy would renew automatically on the following year's renewal date, however this was incorrect. She'd been asked with regard to her monthly premium payments to contact Hood when her card was due to expire. She'd also been asked if she was happy to receive communication via e-mail in future. It said that she'd agreed to this.

Ms W complained as she said that she was unaware that her policy had lapsed and had been told by Hood that it would be renewed automatically. Indeed, she'd had the policy for over five years and had always auto renewed her policy. She said she hadn't requested communication via e-mail and was unhappy that she'd been left without insurance when she needed to claim. Hood investigated the complaint and partly upheld it by offering an apology for a correspondence error. It acknowledged that there had been a mistake in relation to the information Ms W was given. Ms W remained unhappy about the outcome of her complaint and referred it to this service.

In the first instance, an investigator partly upheld Ms W's complaint. He considered that Hood hadn't done enough to ensure that Ms W had been made aware that her policy had lapsed. He therefore recommended that a modest sum of compensation be paid to Ms W for the inconvenience caused. Hood didn't agree with the investigator's view as it said that it had contacted Ms W by the agreed method to inform her of the lapse. It then enclosed a copy of an e-mailed letter to support its submission. A second investigator from the service then reversed this view and didn't uphold Ms W's complaint. She considered that Hood had done enough to persuade her that it had done as much as was reasonably possible to inform Ms W of the policy lapse. She appreciated however that Ms W would be disappointed.

Ms W remained unhappy about the outcome of her complaint and the matter has been referred to me to make a final decision in my role as Ombudsman.

## **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.

The key issue for me to determine is whether Hood acted in an unfair or unreasonable manner in relation to the way in which it communicated with Ms W. I don't think that it did act unfairly or unreasonably, and I'll explain why.

In reaching this decision, I've also considered the submissions of the parties as summarised below. Turning firstly to Ms W's submissions, she felt that the fact that the relevant underwriters had changed during the five years when she'd held a policy, and that it no longer accepted auto renewal on her chosen method of payment wasn't her fault. She said that she would have seen e-mails but didn't open them as she was set to auto renew so didn't think she needed to. A close family member had also passed away around that time and she said that reading emails wasn't top of her priorities.

As to communication preferences, she said that when she was asked about receiving emails about the policy, she thought this meant the actual policy terms and conditions as this formed part of a large document and this would have saved paper by emailing it. She hadn't realised that important documents relating to renewal issues and policy lapse would be included in an email only.

I now turn to Hood's submissions regarding this matter. It explained that when Ms W called to renew her policy at the beginning of March 2022, its agent had followed the correct process at the time, and informed Ms W that her policy would be opted into automatic renewal. It said that unfortunately, *'unknown to us at the time, the method being used to opt a customer in to automatically renew was ineffective'*. It also explained that it hadn't received requested updated payment details and that, as such, the renewal couldn't have been completed automatically.

Turning to the correspondence method, Hood said that email correspondence was its preferred method due to the environmental impact of sending hard copy correspondence. It confirmed that its agent had asked if Ms W would be happy to switch over to email correspondence, and that she'd agreed. It said that all correspondence was then shown to have been successfully sent to the email address on file, rather than by post. It nevertheless offered its sincere apologies to Ms W, as by post was how she'd have preferred to receive her documents that year. It considered that it had followed the correct process and had liaised with the policy holder via her chosen method of communication.

Hood then supplied a copy of an e-mailed letter dated the beginning of March 2023 which referred to the policy expiry date of end of February 2023. It confirmed that the current policy had ended, and that Ms W was no longer covered. Finally, it explained that if she'd still like to be covered by Hood, it asked her to call a particular number.

I now turn to the reasons for my decision not to uphold Ms W's complaint. I've no doubt whatsoever that when Ms W faced the unfortunate flooding incident at her property in October 2023, that she fully expected to be covered by an insurance policy. It will no doubt have come as a terrible shock to her when she found that she wasn't covered.

The key question for me to determine however is whether Hood ensured fair and reasonable communication with Ms W by doing as much as could be reasonably expected to make Ms W aware of the lapse of policy. I've listened to the phone call dating back to March 2022 and appreciate that this may have led to some confusion. Payment was taken from Ms W's debit card of just over £140 and Hood arranged for a further 11 monthly instalments to be paid until February 2023. Whilst Hood indicted that Ms W had promised but failed to provide details of her new debit card when her current one expired in October 2022, I'm persuaded by Ms W's evidence (including information from her bank statements) that payments were taken by Hood from her new debit card for five months from October 2022. In the circumstances, as payments were made and received, I don't consider that anything turns on this particular point. The issue is however that Ms W didn't realise that due to a change of underwriter, her payments could no longer be taken from March 2023.

I note in the same March 2022 call that the call handler made it very clear that the policy would be set to 'auto renew' in March 2023 and that a renewal notice would be sent in advance of that. I consider that, at the time, the handler acted correctly despite Hood's initial indication that incorrect information was provided. I consider that this information was correct at the time. The policy underwriters subsequently changed however, and a notice of variation was sent out to all policyholders with their renewal documents in 2023. This didn't mention any specific alterations to the policy terms and conditions and didn't state that it wouldn't auto renew where payments were made by debit card on a continuous card payment agreement. There's therefore no evidence that Ms W was informed of this change prior to her renewal notices being sent in February 2023. These renewal notices however made it very clear that the policy would not auto-renew.

The Terms of Business letter from Hood to Ms W referenced the debit card continuous payment method and it made it clear that payments would automatically be taken, including at renewal or if amendments were made to the policy. It said, *'This saves you from having to provide us with payment details each time and ensures that your insurance cover continues without interruption.'* However, the Terms of Business went on to say that the existing policy wouldn't be automatically renewed unless the individual opted in for automatic renewal, and *'If you have opted into automatic renewal, your cover will automatically be renewed with the insurance company named in your renewal letter...'* Here, Ms W had been told by the call handler in March 2022 that her policy would automatically renew.

Having listened to the initial phone call, I'm persuaded that Ms W was led to believe that her policy would auto renew, and that her continuous card payment would continue. I can quite understand in the circumstances that she may not have given sufficient attention to e-mails prior to and after the renewal date in 2023. She was candid in stating that she would have seen e-mails, *'but didn't open them as she was set to auto renew so didn't think she needed to.'* I also note that her personal loss at around that time would have meant that reading emails hadn't been her main priority.

Sadly, for Ms W however, there is a further factor which leads to a non-uphold. Unfortunately, a further 7 or 8 months with no monthly premium being taken out of her account should reasonably have alerted Ms W that something was awry, and indeed that it had been clear for a considerable period that the policy hadn't auto renewed after all. In such circumstances, I can't say that Hood's actions were the main cause for the fact that Ms W was unaware that her policy had lapsed. I also can't say that it acted unfairly or unreasonably as its final communication had made it very clear that the policy had lapsed.

As to the method of communication about the insurance policy, it was clear from the March 2022 phone call that Ms W had agreed to receive email documents from then on. I note that since she first took out her policy in 2018, however the call handler clearly asked Ms W if she would be happy to accept communication by email, and Ms W clearly accepted. I note that Ms W now says she thought this meant that the actual policy terms and conditions would be sent by e-mail as they'd be large documents, and it would have saved paper. However, having listened to the relevant phone call, the call handler didn't differentiate between the types of correspondence.

I note that Ms W eloquently and clearly expressed her views to Hood at the relevant time. On balance, I do consider that she'd made a clear and conscious decision to accept e-mail correspondence from Hood in future. I appreciate that Ms W may well have forgotten this conversation, however it's been clearly evidenced. Again, unfortunately for Ms W, I can't say that Hood then acted in an unfair or unreasonable manner by updating its systems to show that Ms W had accepted that all communication would be by e-mail in future.

In summary, I consider that Hood did as much as could be reasonably expected to inform Ms W of her options in early 2023. I note that Hood sent renewal invitations to Ms W on three separate occasions in February 2023. Each letter was clear in explaining that the policy was due to expire at the end of February 2023 and advising what Ms W would need to do to receive a renewal quote if she wished to renew her insurance. Crucially, it also e-mailed a letter to Ms W at the beginning of March 2023 which clearly and concisely stressed the fact that the policy had lapsed. I note that the first investigator hadn't received a copy of this letter when he was investigating the complaint.

In conclusion, I consider that Hood acted in a fair and reasonable manner in sending several renewal invitations and reminders, with enough time to allow Ms W to consider the contents and to respond. I'm also satisfied that it used the agreed contact method. I think the insurer made it clear it would contact Ms W by email and I think it made reasonable attempts to do so. As such, I don't think it would be fair to uphold the complaint and require Hood to pay compensation. In the circumstances, I'm not asking it to do anything more in response to Ms W's complaint.

I have a great deal of sympathy for the predicament in which Ms W finds herself. I also appreciate that this decision will come as a great disappointment to her. She's had to wait many months for a final decision, and she's also had to face a change from an investigator's initial view, which may well have raised her expectations. This is quite apart from the distressing events caused by the flooding of her home and the question of how to fund any remedial work to her home. However, in this case, where no-one is to 'blame' for the distressing set of circumstances, I can't say that Hood acted in an unfair or unreasonable manner in relation to the lapse of Ms W's insurance policy.

### **My final decision**

For the reasons given above, I don't intend to uphold Ms W's complaint and I don't require Hood Group Limited to do any more in response to her complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 25 October 2024.

Claire Jones  
**Ombudsman**