

The complaint

Mr W complains that Automobile Association Insurance Services Limited (AAISL) automatically renewed his motor insurance policy without his permission.

What happened

Mr W purchased a motor policy through a comparison website in March 2023 but said he was unaware this policy would automatically renew 12 months later. Mr W said he was only aware of the renewal, at a higher premium, when saw the charge on his credit card. Mr W says he didn't receive notification the auto-renewal had taken place with an increased premium. He said if he had been notified, he wouldn't have agreed as his car wasn't roadworthy from mid-February, so he decided to have it scrapped.

Mr W complained to AAISL who agreed to refund his premiums, less a sum for time on cover and administration and cancellation fees. But Mr W remained unhappy he was being charged at all. He also felt it was unfair for AAISL to force him into a new insurance contract without his consent. AAISL said Mr W had agreed to automatic renewal and this was a standard practice in the insurance industry. AAISL also said they issued a renewal invitation by email in early February and then confirmed when the policy had been renewed in late February, by email and text message.

Unhappy with AAISL's response, Mr W brought the complaint to this Service. He said he didn't think policies should be capable of being automatically renewed unless specifically agreed to. An Investigator looked at what happened but didn't recommend the complaint be upheld. She thought AAISL had fairly applied the terms of the policy and had provided information and updates around the renewal.

Mr W didn't agree with the Investigator's outcome – he said the details of his complaint had been misunderstood. Mr W said he didn't agree for his policy to be automatically renewed and asked for evidence of where he agreed to this. He asked for an Ombudsman to review the complaint, so it's been passed to me to decide.

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.

Having done so, I've decided not to uphold this complaint - I'll explain why.

The regulations under which insurers operate are set by the Financial Conduct Authority (FCA). Automatic renewal is a permitted activity under those regulations - provided the insurer properly highlights this to their customer. As such, I find that AAISL acted within the appropriate regulations in having their policies based on automatic renewal unless the customer 'opts out'.

In respect of the need to explain the automatic renewal practice to customers clearly, I appreciate Mr W has asked for a copy of his specific claim's journey from AAISL. He wants

to see a signed agreement which shows he agreed to automatically renew his policy. AAISL said they didn't have a record of this given the time that had passed, but they did provide a copy of the claim's process Mr W would have gone through. Within that screen grab there is a tick box which asks a customer to confirm "*I want my insurance policy to renew automatically*".

In addition to this, when Mr W purchased his policy in March 2023, AAISL's cover letter said:

"If you have any questions about your insurance or would like to stop your cover automatically renewing, just give us a call...Alternatively you can contact us about your policy, or stop your cover automatically renewing online..."

In the policy document which Mr W also received, or could access online, it said the following: "***We'll automatically renew your cover next year*** To make renewal easy next year, we'll keep hold of the payment details you provided and automatically renew your cover..."

So, having considered everything that's happened, I'm satisfied Mr W was made reasonably aware that his policy would automatically renew and AAISL did communicate this clearly. And even though Mr W doesn't agree this is fair, AAISL did nothing wrong in setting the policy up like this.

The fact that Mr W's current motor insurers have an 'opt in' process for automatic renewal instead of an 'opt out' process also isn't relevant here. This is because the regulations permit an insurer to have an 'opt out' process too. It's also a practice that other insurers in the market use and there isn't any evidence that Mr W was specifically singled out or treated unfairly.

In respect of AAISL's continuing obligations to let Mr W know the policy would renew – I can see a letter was sent out on 5 February 2024 which said "*Your...car insurance is due for automatic renewal on 04/03/2024*". This was later followed by another letter on 28 February 2024 which said: "*Your AA Car Insurance has been renewed and starts on 04/03/2024*". AAISL also said they sent out a text to Mr W's number to confirm this.

I've considered Mr W's testimony; he says when he was made aware of the increased premium for that year, he rang AAISL to tell them that he didn't wish to auto-renew because the premium was too high. AAISL said they don't have a record of this call being made from any of Mr W's numbers. But Mr W has also said he was never sent confirmation that the policy had been renewed and was never given a 14-day cooling off period.

Based on Mr W's testimony, I find that Mr W likely did receive the renewal invitation, and I can see AAISL sent a confirmation letter that the policy had renewed, as well as a text to follow this up. So, I'm satisfied they communicated appropriately with Mr W about his policy – and this means there is nothing to persuade me AAISL did anything wrong here.

Given the requirement of insuring a vehicle under the Continuous Insurance Enforcement (CIE), Mr W was under a legal duty to make sure his car was continuously insured. Mr W says he scrapped the car in February 2024, but the evidence I've seen shows the car was destroyed in April 2024, and I've not seen any evidence the car was declared off the road (SORN) during that period.

Therefore, as AAISL provided cover for Mr W's car prior to him ending the policy, they've charged for this time on cover, as well as an admin and cancellation fee. I've considered these fees and I don't consider them to be excessive or unreasonable. I therefore don't think AAISL have acted unfairly, and I don't require them to provide any refund to Mr W.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 18 December 2024.

Stephen Howard
Ombudsman