

The complaint

Miss L complains Highway Insurance Company Limited unfairly increased the premium for her telematics motor insurance policy.

Miss L's had a representative providing information for this complaint. For simplicity I've referred to their actions and words as being Miss L's. For the same reasons I've referred to those of Highway's representatives as being its own.

What happened

In early December 2019 Miss L took out a Highway motor insurance policy. She paid a premium of about £1,940 (not including other fees) for the 12-month policy. The policy terms required her to have a telematics box fitted to her car. This allowed various aspects of the car's use, including its speed, acceleration and braking, to be monitored. The behaviours were given individual scores. Those scores were combined to produce an overall year to date driving score. These were rated as 0 to 20 'very poor', 21 to 40, 'poor', 41 to 60 'good', 61 to 80 'very good' and 81 to 100 'excellent'. Under the policy terms Miss L's premium could be increased or reduced based on her overall score. Premiums were influenced by the scoring banding.

In February 2020 Miss L's premium was reduced, with a refund of £267, due to her 'excellent' driving score of 87. In mid-December 2020 Miss L renewed the cover. The premium was around £1,540 (not including other fees) based on her overall score of 67 (excellent) at the point renewal was offered.

In late December 2020 Miss L raised a concern that the telematics system wasn't providing an accurate score for acceleration. Soon after she was warned her premium may increase due to her overall score having reduced. In mid-January 2021 Miss L received a response to a complaint. It explained the telematics system had been checked with no anomalies, issues or score inaccuracies found. She was told the policy terms set out that the cost of the insurance was subject to change in the overall driving score.

In February 2021 Miss L received a letter explaining her overall score of 50, 'good' but no longer 'excellent', meant an additional £235 would be charged. The letter said this would be added to her direct debits and her policy may be cancelled if not paid. In January 2021 she came to this service. She said the telematics system wasn't providing a fair acceleration score. She said she was worried her policy will be cancelled and didn't want her premiums to increase.

In August 2021 our investigator assessed the complaint. She wasn't persuaded Highway had done anything wrong or treated Miss L unfairly. She said the evidence persuaded her the box was working correctly and the additional premium had been charged fairly and in line with the terms of her policy.

Miss L didn't accept the assessment, so the complaint was passed to me to consider. She feels the data's been deliberately manipulated to justify an increase in her premium. Miss L's

provided analysis of her driving data she feels supports her position. She wants the additional premium returned and for this service to recognise Highway's acted fraudulently.

In August 2022 I issued a provisional decision. In it I explained I wasn't persuaded the data had been deliberately manipulated. But I said Highway had relied on inaccurate data to unfairly charge Miss L an additional premium. I said I intended to require it to refund that amount and pay her £200 compensation. My reasoning form part of this final decision, so I've copied it in below.

I also invited Miss L and Highway to provide any further information they would like me to consider before issuing a final decision. Highway didn't accept my proposed outcome. It provided some objections. Miss L said she would accept my findings if I included, in my final decision, some additional text from her. I've addressed their responses below.

what I've provisionally 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.

Miss L's raised many complaint points. She's provided a lot of evidence, data analysis and information in support. Highway's provided similar in response. As this is an informal service, I haven't addressed all of it here. Instead I've focused on what I consider the key issues and evidence. But I would like to reassure Miss L and Highway that I've considered everything provided.

By their nature telematics systems are highly technical. This service can't provide its own technical assessment of the data or system. Instead I've considered the evidence and explanations, provided by Miss L and Highway, along with my knowledge and experience of these types of policies, to decide what I think's most likely.

Miss L's policy terms say her premium may be adjusted during the cover term to reflect her driving score. My focus for this complaint has been to consider if Highway acted fairly when setting her premium by reference to the driving data.

Unhelpfully Highway's provided, at different points during the complaint, inconsistent datasets. For example on certain days a different overall score is given, by separate spreadsheets, for the same date.

Miss L feels this supports her position that the data is meaningless and deliberately manipulated in Highway's interest. In response it said this problem results from a historical data transfer issue. It says this was identified and corrected – with any unfair additional premiums to other policyholders refunded. It's provided what it considers to be an accurate dataset.

The scores for the relevant dates, in this latest dataset, do align with those referred to in emails sent to Miss L for her renewal and premium adjustments. So I'm satisfied it's the data used to set Miss L's premiums. However, it only provides data up until April 2021 rather than to the end of her cover with Highway in December 2021.

Miss L's provided this service with analysis of her driving scores to show how, around October 2020, the pattern for acceleration and braking appears to suddenly reverse. After this service passed the information a further review of the data and device was undertaken by its provider.

Highway accepted there had been a problem with the accuracy of the data from October 2020. It was of the opinion the box had been moved and not reinstalled correctly. Miss L confirmed she had changed the car's battery at that point, with the telematics device being reinstalled. Highway feel the box probably wasn't reinstalled at the correct angle – increasing sensitivity to acceleration whilst reducing it for braking. In June 2021 Miss L's scores for the two behaviours returned to something closer to their pre-October 2020 pattern. Highway's explanation is that the box may have been moved again and/or recalibrated over time.

So it's reasonable to say between October 2020 and June 2021 the system wasn't providing accurate data for Miss L's acceleration and braking. I also think it's something that should have picked up on when she reported her concerns in December 2020. The sudden switch in scoring patterns is plain to see when considering the data. Highway's representative said the system had been checked, but unfortunately the issue wasn't picked up until this service raised it much later.

So I'm satisfied Highway got something wrong here. But this service doesn't only consider if a firm made a mistake. We also ask what difference any errors made to the customer. So I've considered if Miss L lost out financially as a result. To do that I've tried, as best possible, to consider what her overall score would probably have been if the device reinstallation issue had been picked up and corrected.

From February to September 2020 Miss L's score reduced from 86 to 79 – so about one point per month. But from October 2020 (when the device begins recording inaccurately) her score drops around 7 or 8 points per month up until January 2021. At that point it's around 50.

Miss L's renewal premium was set based on her November 2020 score – 67 (a banding of 'very good'). Without the device issue, and her score following its previous pattern, it seems likely her score would have been higher - around 76 perhaps. But it would still have been in the same 'very good' band – and so her renewal premium would likely have been the same. So I can't say that Miss L lost out financially here.

However, I do think she was unfairly charged the additional premium, for falling into the 'good' band, in February 2021. As I understand it a score needs to remain in a new band for a month or two for a premium adjustment to take place.

Before the device error Miss L's score dropped by about one point per month. This pattern returns from June 2021 (based on a second dataset covering this period) - when the error appears to have corrected itself. On the day before the error is introduced, in October 2020, the overall score was at 77. Miss L's cover ran for 14 months after this. I accept it would probably have continued to fall without the device issue. But it seems unlikely, at about one point per month, her score would have fallen to below 61 (and into the 'good' band) in time for an additional premium to be applied.

So in my opinion Highway acted unfairly by relying on the inaccurate data, Miss L had raised concern about, to charge her an additional premium. So to put things right it should provide a refund. To recognise Miss L being without those funds it should add simple interest at 8% from the date of payment to the date of settlement.

Miss L hasn't accepted Highway's explanations for any data inaccuracies. She feels the data is not just inaccurate but has been deliberately manipulated to justify a premium increase. I've considered everything Miss L's provided to support her assertion – including a range of data analysis and commentary. But I'm not

persuaded there's been any deliberate manipulation of the data. Instead, where there has been inaccurate data, it seems most likely to be the result of genuine and honest mistakes

That said I feel the failure, in December 2020, to accept Miss L's concerns and uncover the device error has caused her unnecessary distress and inconvenience. The issue wasn't acknowledged until almost one year later – after Miss L had provided a great deal of correspondence and supporting evidence.

I think it's likely that Miss L would have been more accepting of a genuine error had it been accepted and corrected earlier. That would have avoided some of the inconvenience resulting from the issue not being resolved. It would also have avoided the distress she experienced from being concerned her driving scores might result in the cancellation of her policy. To recognise the impact of this on Miss L I intend to require Highway to pay her £200 compensation.

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.

I've considered the text Miss L would like added to my decision. However, it's for me to decide the content of my decisions. It's not something for Miss L or Highway to determine. And setting out her suggested additions here wouldn't make any difference to the outcome of the complaint. Nor would it provide for a better understanding. The comments don't provide anything I haven't already considered. Instead they repeat points and thoughts previously provided by Miss L.

Miss L also said I had made a mistake in how I reported one of the data sets. I said it only provides data up until April 2021 rather than to December 2021. She said the data does extend to the later date. I accept there is data set that covers up until then – but the version I was referring to runs only up to April 2021.

Highway said it wasn't provided with the opportunity to consider information provided by Miss L. That isn't correct. It's representative was provided with the relevant information. It provided responses to Miss L's data analysis and commentary. Highway also said Miss L didn't provide relevant information at the time of her initial complaint. However, I feel that at that point she made her concerns about the data clear.

The data and system were apparently checked at the time – with no concerns found despite an obvious sudden reversal of the two scores. However, the problem was picked up by a different system check undertaken much later. As I've said I feel that probably should have happened at the earlier date. I don't accept Highway's claim that opportunity to investigate Miss L's concerns wasn't provided.

Highway's also said Miss L admitted she reinstated the box upside down - causing acceleration and braking scores to be swapped. Miss L's said only that the box was removed and reinstalled. There's nothing to support a claim that she put it back upside down.

Frustratingly this upside down box suggestion has been repeatedly referred to. It was first raised, by the team reviewing the data, as a possibility to consider. I misunderstood the resulting report – understanding it to be offered as a possible explanation. Instead the report and review team has ruled it out.

Highway raised a suggestion, given previously, that Miss L may have benefitted from the box reversing the two scores. This is a reference to different weightings, in the overall score, given to braking and acceleration. I've already considered this possibility. But for the reasons outlined, in my provisional decision, I don't think it likely Miss L did benefit. Instead it seems she probably lost out through receiving a lower overall score than she would otherwise.

Having considered the latest information I don't see any reason to change my position. So Highway will need to reimburse Miss L the £235 additional premium (plus simple interest at 8% from the date of payment to settlement) and pay her £200 compensation.

Finally Highway asked that I make it clearer the distinction between its actions and those of a broker. In response I've amended a few words in my provisional decision – nothing significant or material. However, the broker acted as a representative for Highway for this complaint. Where I feel it was doing so, I've referred to the actions as being those of Highway.

My final decision

For the reasons given above, I require Highway Insurance Company Limited to:

- reimburse Miss L the £235 additional premium (plus simple interest at 8% from the date of payment to settlement) and
- pay her £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 13 October 2022.

Daniel Martin
Ombudsman