

## **The complaint**

Mr W's representative complains on his behalf that Haven Insurance Company Limited (Haven) unfairly increased the cost of his premiums mid-way through the term of his commercial motor insurance policy.

References to Mr W, or his representative, will include the other.

Haven are the underwriters of this policy i.e. the insurer. Part of this complaint concerns the actions of the broker. As Haven accepted it is accountable for the actions of the broker, in my decision, any reference to Haven includes the actions of the broker.

## **What happened**

In December 2020 Mr W took out a commercial motor insurance policy with Haven.

In October 2021 Mr W had an incident with a third-party vehicle. He reported it to Haven's accident management company as per the terms of his policy.

Haven closed the claim prior to Mr W's policy renewal because it had not had any correspondence from the third-party insurer to pursue the claim. It was recorded as notification only, non fault and no payment

Mr W's policy renewed in December 2021.

In March 2022 Haven received correspondence from the insurers of the third-party involved in the incident of October 2021. Haven re-opened the claim and then settled it as fault.

Haven reduced Mr W's no claims discount and told Mr W his policy that has started in December 2021 had an increased premium due of £705.14. It said this was because the claim had occurred in the previous term of insurance cover.

As Mr W's representative was not happy with Haven, they brought the complaint to our service.

Our investigator upheld the complaint. They looked into the case and said Haven were aware of the fault incident and the potential for a third party to make a claim, so they didn't think it was fair for Haven to increase the policy mid-term in such circumstances. They said the price increase should be reversed.

As Haven is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

## **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.

Haven said it increased Mr W's annual premium mid-way through the term of this insurance policy because although it was not aware of the claim from the third-party insurer until March 2022, the actual incident had happened in October 2021 which was during the previous term of insurance cover. It said this meant Mr W's no claims discount had to be reduced and it had to re-rate the policy. This re-rate generated an additional premium of £705.14. Haven said the additional premium had been applied to correct the annual premium.

I have considered if it was fair for Haven to increase Mr W's premium mid-term in these circumstances.

An insurer can't raise the premium mid-term if it is aware of an ongoing claim at renewal. Haven was made aware of the incident by Mr W in October 2021. I saw in Haven's renewal invitation to Mr W in December 2021 it details a claim in October 2021 as a notification only, non fault and nil payment. This confirms Haven was aware of the incident prior to the policy renewal in December 2021. Therefore there was potential for a claim from the third-party.

I wouldn't expect Haven to increase premiums mid-term if the incident happened in March 2022 and I therefore don't expect them to do it in the situation in this case where it said it wasn't aware of the third-party claim until March 2022.

The policy was already in place and Haven became aware of the actual claim within the renewed policy term. Haven didn't incur any loss during the term of the previous year policy contract. It settled the claim as fault in 2022. Therefore any impact on Mr W's premiums should only be from when the policy renewal was due in December 2022.

In this situation, when the policy was renewed in December 2021, the information used by Haven was that the claim was recorded as notification only, non fault and nil payment. It was Haven's decision to record the claim that way and close it prior to the renewal date. Mr W did not make a mistake as he correctly reported the incident at the time it happened.

I do not think it was fair for Haven to increase Mr W's premium mid-term due to a claim from the third-party being made during the term of the policy.

Therefore, I uphold Mr W's complaint and require Haven to reverse the price increase and remove any record of outstanding payments in relation to this from Mr W's motor insurance records.

### **My final decision**

For the reasons I have given I uphold this complaint.

I require Haven Insurance Company Limited to reverse the price increase and remove any record of outstanding payments in relation to this from Mr W's motor insurance records. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 13 September 2023.

Sally-Ann Harding  
**Ombudsman**