

## The complaint

Mr E has complained about his car insurer Royal & Sun Alliance Insurance Limited (RSA) in respect of a renewal premium charged when he changed his car.

RSA's trade name in the contract it has with Mr E is different. But RSA underwrites the policy and so is responsible for everything that happened at renewal. So my decision will refer only to RSA.

## What happened

Mr E had cover with RSA for car A. It was due to renew on 20 July 2022. On 2 July 2022, Mr E called RSA and said he had a new car, car B. RSA charged Mr E £19.42 to change the car on the current policy. What would happen at renewal wasn't clarified.

Mr E accesses his policy details on RSA's web portal. Around the time the policy was due to renew Mr E checked his policy documents. He noted a renewal for car A, where the overall premium had increased only slightly on the year before but the monthly payment had doubled. Mr E was concerned that RSA was looking to cover both cars, generating the increased monthly premium, and believed that the total premium detailed for the year in the renewal letter must reflect only that due for car B. He complained.

RSA initially responded to Mr E's complaint in a phone call. RSA's advisor said that during the call in July Mr E had been told that there would be an additional premium for car B – and that sum was in line with the increased monthly payments. The advisor said Mr E could cancel and close the complaint. Mr E said he would like to cancel. But he was unhappy as he didn't think that was a satisfactory resolution to the complaint. He remained unconvinced about what car/cars RSA was covering and the costs detailed by it. He asked for a written response. The advisor said he wasn't sure he could do that, certainly not right away.

By letter in October 2022 RSA issued a final response to Mr E. RSA assured it had not charged for cover for both cars – that cover for car B was merely more expensive as that car presented a 'higher risk'. It said the renewal document, showing car B, had been uploaded to the portal on 2 July 2022. But it had then also uploaded documents on 4 July 2022 that referred to car A. It acknowledged a failure by it to clearly advise about the renewal premium in July and that uploading incorrect documents on 4 July 2022 had caused confusion. RSA said it couldn't offer cover for car B at a reduced price but would pay £100 compensation.

Mr E complained to the Financial Ombudsman Service. Our Investigator noted that RSA had caused confusion. But she was satisfied that only one car was being covered and that RSA had given Mr E the chance to cancel the renewed policy if he had wanted to. So she felt £100 compensation, in the circumstances, was fair and reasonable.

Mr E was unhappy. He still felt the policy documents did not make sense – unless it was accepted that the documents uploaded on 4 July 2022 merely included the wrong registration details (those for car A and not car B). And he was adamant that no documents regarding car B had been placed on the portal. He didn't think it was fair for him to have to pay in line with sums not communicated to him, and said if he'd been told the correct total

amount – then he'd have cancelled, seeking cover elsewhere. His complaint was passed for an Ombudsman's review.

I felt RSA had caused Mr E confusion and frustration, and that a total of £250 compensation should be paid to make up for that. But I wasn't minded to require RSA to amend the cost of cover for car B, which I was satisfied was the higher sum in line with which Mr E had been making payment. So I issued a provisional decision, my findings of which were:

*"Having seen the documents and heard the calls on 2 July and August 2022, I can see why Mr E was confused and frustrated with RSA. I also think the final response really fails to adequately accept the shortcomings of the renewal documents issued.*

*Mr E says he did not receive the documents RSA says it uploaded on to the portal on 2 July – these showed a cost of £1,338.37 for cover for car B for the year, with a cost of £110.04 added for paying monthly, making the total payable £1,492.41 (where there would be 11 monthly payments of £124.37 and one of £124.34). But I note that these documents did not have a cover letter with them setting out that these formed the renewal documents for the policy. And in the call on 2 July 2022 it was left that renewal on the basis of car B being covered wouldn't be progressed at that time. I'm also not sure – if they were available to Mr E on the portal, what exactly he would have seen. In any event, RSA then uploaded further renewal documents to the portal on 4 July 2022. These were very clearly renewal documents and came with a covering letter. It is entirely reasonable, in respect of renewal, for both parties to rely on the documents most recently issued as being those which apply.*

*The 4 July 2022 documents are unclear. I'm not really sure how RSA managed to create a set of policy documents that contained such inconsistent/incorrect premium detail. In short the documents set out monthly payments (£124.37) in line with the total cost for cover in the 2 July documents for car B, whilst saying it is the renewal for car A and, in places, referring to a yearly figure of £641.52. That figure simply doesn't make mathematical sense against the monthly payment amount detailed. The figure of £641.52 is more in line with the previous charge for car A, which was just under £600 the year before. Coincidentally, I think, the sum of £641.52 is also similar to an "additional cost" for covering car B mentioned in the call on 2 July 2022 (£659.06). And if those two sums are added together, they are not far away from the total cost of cover set out in the finance part of the 4 July documents (£1,338.37). So, I think that higher figure of £1,338.37 is likely the total cost of cover charged by RSA for car B. But what RSA has done in these 4 July documents to express that is far from clear.*

*However, I'm satisfied the total premium, taking into account the monthly payments along with the charge for credit, as detailed on the payment plan (£1,492.41) is correct for cover for car B. The total, in my view, does not seem to be a reflection of RSA charging Mr E a premium for both cars. Although it could be expressed as the cost for car A plus an additional sum to make up the total cost of cover for car B. To me the documents do not suggest that the cost of cover for car B is or was intended to be in-line with what had been charged previously for car A. If Mr E had kept car A and renewed it, then that renewal would likely, I think, have cost £641.52 in total. But Mr E changed his car, to car B. And the cost for RSA to cover car B was £1,338.37. That's quite a lot more than the cost for car A. But I think it's fair to say that car B is more of a luxury car than car A. So it doesn't seem unreasonable to me that RSA would see it as a higher risk, not least as any necessary repair/replacement would likely cost more. And I'm not persuaded that RSA would be alone in viewing car B as a higher insurance risk, for which a higher premium is charged. So it doesn't seem unreasonable to me that RSA would charge a higher premium for car B.*

*But it's really unfortunate that RSA wasn't able to communicate that simple price difference and policy change to Mr E, either verbally, in its phone calls with him, or in its policy documents.*

*The final response RSA issued references that it was a mistake for it to upload the documents it did on 4 July 2022 and that this caused confusion. But it doesn't recognise that Mr E reasonably relied on them – or at least the total figure of £641.52. The final response also doesn't recognise the mistakes within those documents and the lack of clarity they caused. And the response also did not offer Mr E any further chance to cancel his cover. RSA had offered that to Mr E in August 2022. At that time, he was still within his cooling off period. But, at that time, RSA made the option to cancel conditional on Mr E accepting that it allowing him to cancel meant it had also satisfactorily answered his complaint. I'm not persuaded it was reasonable for RSA to do that. And I'm mindful that when it offered to cancel the cover, before it added the caveat about that resolving the complaint, Mr E did tell it that was what he wanted to do.*

*However, I can't reasonably focus in on Mr E's initial request to cancel whilst ignoring what he has expressed as his desired outcome for the complaint. In that respect, I'm mindful that Mr E is adamant that RSA should only be charging him £641.52 for cover for car B. And he is equally adamant that is what he wants in redress – cover for car B from RSA at that price, with his payments over and above that reimbursed (because he's been paying £124.37 each month for more than five months). So I'm not persuaded that even if RSA had been clearer with Mr E about his options – that he could cancel the policy whilst still complaining, or continue with the policy at the confirmed correct premium – that he would have opted for the cancellation. If he had done then he could have sought cover at, what for him, would have been a more agreeable rate, via another insurer. And as all insurers view risk differently to set premiums and some even use technology to keep the cost of cover down, he may well have been able to find a suitable price. But, as I said, I don't think RSA having been clearer with him about his options – and I do think that those were the reasonable options he should have been given – would have actually caused him to cancel with it and shop elsewhere. As such whilst RSA failed Mr E by not being clear with him, I don't think its failure has materially affected the position Mr E has ended up in – paying £124.37 each month for cover with it for car B. Therefore, I can't reasonably require RSA to reimburse him for what he sees as the 'additional' costs he's been paying with it for cover since renewal in July 2022.*

*Clearly though this has been frustrating for Mr E. Not least as I don't think he's ever really had a clear explanation about things. Certainly not one which reflects what he saw in the policy documents issued. And he has had a loss of opportunity by not being able to freely look elsewhere for cover. I can also see that it was frustrating for him having to wait for a written reply from RSA. In saying that I'm mindful that RSA could have done more during the call, as I've said, to resolve this complaint. But also because RSA knew that whilst the complaint was on-going, Mr E was having to keep paying it the disputed premium sums. I don't doubt that each month the payment was made, whilst the complaint response was also outstanding, Mr E was further upset by it all. So I think RSA should pay Mr E a total of £250 compensation in full and final settlement of this matter."*

RSA said it had paid £100 compensation already. Mr E indicated he was disappointed with my findings. He said that he wants the premium for car B to be £641.52 for the whole year – if he'd known it would be so much more, he'd have cancelled and found cover elsewhere. He can't afford RSA's price for cover and he could have found lower cost cover elsewhere.

### **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 understand that Mr E is unhappy with the price RSA charged. And that he feels he could have found cover elsewhere at a price agreeable to him. But I was aware of that when

considering and making my provisional findings. In my provisional findings I explained what unfair and unreasonable actions I felt RSA had taken and what was needed, in my view, to make up for that. I've seen nothing new since to make me revise my views on the complaint. As such, my provisional findings are now those of this, my final decision.

### **Putting things right**

I require RSA to pay Mr E a total of £250 compensation. If £100 has been paid already, then it only needs to pay the £150 outstanding.

### **My final decision**

I uphold this complaint in part. I require Royal & Sun Alliance Insurance Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 29 June 2023.

Fiona Robinson  
**Ombudsman**