

The complaint

Miss S complains that Carrot Risk Technologies Ltd trading as Carrot Insurance (Carrot) failed to add business miles to her car insurance policy.

What happened

Miss S purchased a car insurance policy via Carrot, who were acting as an intermediary. Shortly after taking out the policy, Miss S contacted Carrot via webchat to add business use and mileage.

Amendments were made by Carrot which increased the monthly premiums. However, Miss S later discovered that her total mileage hadn't been increased by Carrot, so she made a complaint.

Carrot recognised the total mileage hadn't been increased due to their agent not clarifying whether additional miles were required, and they offered £60 compensation for this.

Miss S says the policy has been mis-sold and has asked for a full refund of all premiums paid. As Miss S was unhappy with Carrot's position, she approached this service.

One of our investigators looked into things but she didn't uphold the complaint. She recognised the total mileage hadn't been increased, but she thought the compensation Carrot had already offered was reasonable.

Miss S didn't agree and asked for a final decision from an 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.

Having done so, I've reached the same outcome as our investigator.

Miss S purchased her car insurance policy via Carrot in November 2022. Shortly after, she contacted Carrot to add business use via webchat. In the webchat, Miss S said she wanted to add business use, the agent asked how many miles were needed for business purposes, and Miss S advised 7,000.

However, the agent didn't clarify if that was an additional 7,000 miles needed, or 7,000 of the already noted 10,000 miles would be business rather than social and pleasure use. They assumed the latter, and amended the 10,000 total to 7,000 business, and 3,000 as social domestic and pleasure.

However, Miss S actually wanted an additional 7,000 as business use, on top of the 10,000 already on the policy for social domestic and pleasure.

When the agent made the change, this generated an additional premium of £577.88, which Miss S requested be split across the remaining monthly instalments. Carrot also sent updated documents after the amendments (by email at Miss S' request) to show the changes, and whilst business use was added, the total mileage remained at 10,000 total, but this wasn't noticed by Miss S.

Carrot accepts their agent should have clarified whether the total mileage needed increasing when adding business use. And this is why they offered £60 compensation. However, Miss S has asked for a full refund of all premiums paid as she says the policy has been mis-sold.

I'm not going to direct Carrot to refund the premiums, and there are several reasons for this.

Firstly, Miss S says she has paid additional premiums for something she didn't get. However, I don't entirely agree. The additional premium was due for amending 7,000 of the 10,000 miles to business use. So, Miss S did actually have business use added, just not for the increased total mileage she actually wanted.

Therefore, Miss S did have business use from that point, and was covered for that – up to 7,000 miles. And that is what the increase in premiums was for.

If in fact the agent had clarified that Miss S wanted an additional 7,000 business use miles on top of the 10,000 she already had, Carrot has confirmed this wouldn't be something they could have done. This is because it wouldn't have been acceptable to the insurer as it would have been beyond the maximum total miles they would allow. Therefore, whilst Carrot didn't clarify this at the time, I don't think Miss S was left in a worse position as the alternative would have been needing to cancel the policy.

As Miss S paid the premiums for the business mileage that was actually added, albeit not as much as she wanted, I'm not going to direct Carrot to refund the premiums charged.

There are also some additional reasons why I'm not going to direct Carrot to provide a refund.

Miss S has also made claims under the policy, including whilst using her car for business purposes. So, it is clear Miss S was able to benefit from the policy and the changes made to add this cover. Therefore, it wouldn't be fair or reasonable for me to direct Carrot to refund all the premiums, as this would effectively mean that Miss S had free insurance, which she was able to claim under and benefit from.

Furthermore, Miss S asked about cancelling the policy in March 2023, but due to open claims, she was told the full payment was due so didn't go ahead with this. Two months later, Miss S was informed her policy would be cancelled by the insurer due to "*extreme speeding*", and she was given the option to cancel it before it was cancelled by them, which she went ahead with.

So, Miss S had insurance in force up to that point, which she was able to claim against – and did. And she would have continued to have cover up to the point of renewal, if it wasn't for the "*extreme speeding*" which meant the policy needed to be cancelled.

Having considered all the information provided, I agree that Carrot could have clarified the total mileage required, but for the reasons outlined, I don't think this has left Miss S in a worse position as a result. And I think the £60 compensation already offered for this is reasonable, so I'm not going to direct Carrot to do anything else.

My final decision

Carrot Risk Technologies Ltd trading as Carrot Insurance has already made an offer to pay £60 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that Carrot Risk Technologies Ltd trading as Carrot Insurance should pay Miss S the £60 compensation offered, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 28 September 2023.

Callum Milne
Ombudsman