

The complaint

Mr Q complains that The National Farmers Union Mutual Insurance Society Limited (“NFU”) unfairly increased the premium on his motor insurance policy.

What happened

The circumstances of this complaint are well known to both parties, so I’ll only summarise them here:

- Mr Q was involved in an accident and tells us at the following renewal, in February 2022 his premium increased by a significant amount.
- Mr Q took out a new policy with NFU in February 2022 rather than renew the existing policy and the cost was significantly higher than he’d paid the previous year.
- Mr Q tells us NFU indicated to him the increase was due to the accident and it would refund the excess premium if it was established the accident was not his fault.
- NFU say it agreed to record the claim as non-fault, and reinstated Mr Q’s No Claims Discount (NCD) which resulted in a refund of £205.70.
- Mr Q feels the refund NFU made is insufficient and complained to NFU.
- In its final response NFU said it had followed the correct process in stepping back Mr Q’s NCD to reflect the open claim in February 2022. And once the claim was finalised as non-fault the NCD was reinstated and backdated to renewal. It said its underwriting team had confirmed the premium was correct, and advised it regularly reviewed and amended how it calculated its premiums to ensure they accurately reflect the risks it insures.
- Mr Q remained unhappy and brought his complaint to this service.
- Our investigator sought information from NFU and during the course of his investigation NFU advised the refund should’ve been £235.45 rather than the £205.70 it had already refunded. So an additional amount of £29.75 was due to Mr Q.
- Our investigator put this offer to Mr Q and set out why he thought it was fair. He explained that whilst NFU had reinstated the NCD to calculate the refund it hadn’t removed the claim, so the premium still reflected an outstanding claim. It had now corrected this with the additional refund of £29.75.
- Mr Q remained unhappy and asked that an ombudsman decide his case.

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, and partly for the same reasons.

I appreciate Mr Q has strong feelings on his case, and if I don't mention a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel the need to reference it to explain my decision. I hope Mr Q doesn't take this as a discourtesy, it's just a reflection of the informal nature of our service.

The crux of this complaint is that Mr Q feels his premium for 2022 was too high. He says that because it was considerably higher than he had paid in previous years despite NFU ultimately treating the claim he'd made in 2021 as non-fault. And I note the 2023 renewal premium was less than Mr Q paid in 2022 even after the refund was made.

It is not for this service to tell a business what premium it should charge, that is a commercial decision for the business to make based on its assessment of risk and its underwriting criteria. My role is to determine if NFU has acted fairly and reasonably.

NFU has provided testimony from its underwriters confirming the premiums charged are correct. They have stated there are many rating factors that make up its premiums, some factors will increase, and some will decrease. This can result in premiums charged varying year to year as has happened in this case. I find this reasonable, and I note the premium in 2021 was less than Mr Q paid when he took the policy out in 2019.

Whilst the 2023 renewal was less than Mr Q paid in 2022 the underwriters have confirmed that based on the risk factors this is correct. It has cited the youngest driver on the policy is a year older than in 2022, the vehicle is older, and the estimated mileage has reduced.

Whilst I can understand why Mr Q feels the 2022 premium was out of line as it was higher than the previous year and the subsequent year that doesn't mean the premium is wrong or that NFU have acted unfairly.

I can also understand Mr Q's frustration that the premium he initially paid in February 2022 was impacted by the 2021 claim still being outstanding when he didn't believe he was at fault for the accident. Our investigator has explained that non-fault does not indicate responsibility for an accident, it refers to whether the insurer has been able to recover its costs from the third party.

I'm satisfied it was fair for NFU to treat the claim as outstanding in February 2022 as it hadn't recovered its costs. Ultimately, whilst the third party didn't accept liability NFU took the decision to treat the claim as non-fault and made a mid-term adjustment to the premium which resulted in the refund of £205.70. And, following the intervention of our investigator, NFU reconsidered the complaint and advised the refund should've been £235.45. It has now corrected that mistake with the offer of an additional £29.75, and I won't be asking it to do anymore.

Putting things right

NFU should pay Mr Q £29.75 if it hasn't already done so.

My final decision

For the reasons above I uphold this complaint and require The National Farmers Union Mutual Insurance Society Limited to Pay Mr Q £29.75 if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Q to accept or reject my decision before 27 November 2023.

Martyn Tomkins
Ombudsman