

The complaint

Mr D complains about the premium increase quoted by U K Insurance Limited (“UKI”) for his car insurance policy when he changed the start date. Mr D is represented in this case, but for ease I’ll refer to him throughout.

What happened

Mr D obtained a quote from UKI to insure his car. He chose a start date of 28 September 2023. The quote said it was valid for 30 days.

Mr D passed his test on 26 September. He now wanted cover to start on 27 September and he contacted UKI to arrange this.

When he changed the start date of the policy, the premium increased by about 15%.

He wasn’t happy about this and he complained. UKI said Mr D changed one of the details of his quote that it uses for rating purposes. Because he changed the start date, it said it was entitled to re-rate his premium and the new price it quoted was the correct one.

Mr D remained unhappy and brought his complaint to this service. He asks that UKI honour his previous quote. Our investigator didn’t think that the complaint should be upheld. He looked at UKI’s premium pricing rules and said he thought it’d used the rules fairly and they would be the same for any customer who tried to do what Mr D did.

Mr D didn’t agree and asked that his complaint was reviewed by an ombudsman, so it’s been passed to me to make a decision.

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 can see from Mr D’s responses to the view that he’s very frustrated by UKI’s actions.

It’s important I say that it’s not this service’s role to tell an insurer how to price their policies or what factors they should consider when calculating a risk.

We do, however, need to make sure UKI is applying a fair and consistent approach with all of its customers.

When calculating a premium, an insurer will take into account a number of different things we call ‘rating factors’. A rating factor is a material fact about the policyholder or the risk being insured.

I’ve looked at the information provided by UKI to this service and I can see that it applies a rating factor to the premium being quoted according to the closeness of the start date of the policy. It’s one of many rating factors it uses.

So, when Mr D originally asked for a quote, about 30 days before he thought he needed it, the premium quoted was lower than when he re-quoted on what might be termed a 'last minute' basis.

Mr D has questioned this approach and has asked why the original quote couldn't be honoured. He said it was valid for 30 days.

But, critically, a quotation is valid for the time period mentioned on the quote, provided that no changes have been made to it. Changes to the material facts like the start date of the policy.

If Mr D had left the start date of the policy as 28 September and made no other changes, I think it's fair I say UKI would reasonably have been bound by its quotation. But that is not the case here.

I'm not able to share UKI's pricing information here as it's commercially sensitive, but I've looked at it and I can see it's been applied correctly and it would have been the same for any customer asking the same thing as Mr D.

Having read the file of evidence, I can't fairly say that UKI treated Mr D unfairly or unreasonably or differently to any of its other customers.

So, as this isn't something that I would normally interfere with as it's a legitimate exercise of UKI's commercial judgement, I don't require UKI to refund any premium to Mr D.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 23 April 2024.

Richard Sowden
Ombudsman