

## **The complaint**

Mr M complains that U K Insurance Limited (UKI) unfairly increased his premium at renewal, under his motor insurance policy.

## **What happened**

Mr M paid £917.66 for his car insurance between 2022 and 2023. At renewal this was increased to £1,468.25. When he contacted UKI he was told the price increase was due to inflation. Mr M says that it's a common 'narrative' amongst his community that insurance companies charge really high premiums. He says UKI has discriminated against him because of his race.

Mr M says he was able to obtain a cheaper quote online. He called UKI and it offered to reduce his original renewal quote to £1,174.60. Mr M complained about an incorrect link UKI's agent had provided. He says he was offered £50 compensation which he refused. He asked for his complaint to be escalated and for someone to call him.

Mr M says he received further calls and was offered £100 compensation. He says he expressed his dissatisfaction with UKI's service and was told he'd receive a call the next day. Mr M says he received no further call but did receive a written response.

In its final complaint response UKI says the premium it offered was based on multiple ratings factors. It says when Mr M contacted it with a quote from another insurer its agent applied an available discount. This brought his premium down to £1,174.60. UKI says it's able to offer discounts to retain a customer's business on provision of a like-for-like quotation. But says this isn't guaranteed. UKI offered to compensate Mr M for the time he'd spent querying these issues, with a payment of £100.

Mr M didn't think he'd been treated fairly and referred the matter to our service. Our investigator didn't uphold his complaint. He says UKI had explained how it considers different rating factors when setting its premiums. He thought its approach was reasonable and in common with the rest of the industry. Our investigator didn't think there was evidence to show UKI had treated Mr M differently from its other customers.

Mr M didn't accept this outcome and asked for his complaint to be considered by an ombudsman.

It has been passed to me to decide.

## **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.

When considering whether UKI has acted fairly and reasonably, I'm required to consider a number of things including relevant law. Mr M has said UKI has discriminated against him because of his race. So, as it's relevant to this complaint, I've also taken the Equality Act

2010 ('the Act') into account. But it's not for our Service to make any findings about whether UKI has breached the Act – that's the role of the Courts.

Having done so I'm not upholding Mr M's complaint. I'm sorry to disappoint him but I'll explain why I think my decision is fair.

I've looked at the renewal information Mr M received. It's clear his annual premium increased significantly for his 2023 renewal. I can understand why he felt the need to contact UKI to query this increase as his circumstances hadn't changed.

The Financial Conduct Authority (FCA) doesn't regulate on the price insurers charge or how they assess risk. This means our service can't make judgements about the level at which an insurer sets its premiums or the criteria it uses to calculate them.

What I can do is check that UKI has treated Mr M fairly. And that includes treating him the same as it would any other customer in the same circumstances.

In its submission to our service UKI says a customer's race isn't something that it considers in its risk assessments.

We asked UKI to provide its underwriting criteria. It responded with information showing the calculations relevant to Mr M's premium. This information is considered commercially sensitive so I can't share it. But it does show the different risk values that were used between the premium calculations in 2022 and then in 2023.

Mr M hasn't said whether he thought the premium he paid in the 2022 policy year was discriminatory. Or if it was solely the increase applied in the next policy year that concerned him. I can see that the risk values changed between the years. But I haven't seen information that suggests Mr M has been treated unfairly.

I've listened to the call recordings Mr M provided. He talks about his concerns that his race and the area in which he lives mean he has to pay a higher premium. He says he has friends that pay much lower premiums and thinks this shows he, and others in his community, are treated unfairly.

I've thought carefully about what Mr M says as well as the news article he provided. For clarity my focus here is on Mr M's individual complaint not the wider industry. Our service isn't a regulator and were not able to tell an insurer how to run its business. If there is evidence to show that UKI has treated Mr M unfairly I can require it to put this right. But based on what I've seen, and the calls I've listened to, I'm not persuaded that Mr M has been treated differently or unfairly.

I've read the web chat transcripts where Mr M discusses his concerns with UKI's agents. The agents refer to various increases in costs. This includes increased repair costs being a factor in his premium increase. The premium reduction was provided as a result of Mr M showing UKI a lower like-for-like quote. The business says it can sometimes offer discounts in these circumstances. I don't think this is unreasonable. UKI is able to make a commercial decision as to whether it offers such discounts. Having considered this information, I don't think anything written in these interactions suggest UKI has acted unfairly towards Mr M.

UKI says it will maintain its offer of £100 compensation for the inconvenience Mr M encountered. I think this is fair. UKI has shown the key factors explaining why Mr M's premium increased. It was able to offer a discount when he presented a like-for-like quote. But I don't think this demonstrates that it treated Mr M unfairly.

Having considered all of this I don't think UKI treated Mr M unfairly when calculating his renewal premium, or when offering him a discount. So, I can't reasonably ask it to do anymore.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 24 May 2024.

Mike Waldron  
**Ombudsman**