

The complaint

Mr C complains that Tesco Underwriting Limited (Tesco) increased his renewal premium due to an accident he wasn't at fault for, under his motor insurance policy.

What happened

Mr C received a renewal quote for £727.87 on 14 August 2023. He called Tesco the same day to accept it. He says another driver damaged his car two days later and admitted liability for the damage. Mr C was then asked to pay an additional premium amounting to £60.16. This was because of the incident that wasn't his fault. He says he paid the additional premium on the understanding it would be refunded to him when the damage claim was settled as non-fault. Mr C says the refund was confirmed over the phone by Tesco. He says this didn't happen and so he made a complaint.

In its final complaint response Tesco told Mr C it's call handler made a mistake and that he wouldn't now receive a refund of £60.16. It offered him £30 compensation for the misinformation. But says as the claim had occurred during the previous policy term it was correctly recorded against his policy.

Tesco says the claim was recorded as non-fault from the start. But that claims statistics show non-fault claims are associated with an increased risk of further claims. It says this is reflected in the overall risk assessment and resulted in Mr C's increased premium.

Mr C didn't think he'd been treated fairly and referred the matter to our service. Our investigator upheld his complaint. He says Tesco hadn't provided sufficient information to show that it treated Mr C fairly when applying its additional premium following the non-fault claim. He says it should provide a refund with 8% simple interest. In addition to £70 compensation on top of Tesco's offer of £30.

Mr C accepted our investigator's findings. Tesco responded with underwriting information to support its premium calculations. Our investigator maintained his view that Tesco hadn't provided sufficient information to show it had treated Mr C fairly.

As an agreement wasn't reached the complaint has been passed to me to decide.

I issued a provisional decision in May 2024 explaining that I was intending to not uphold Mr C's complaint. Here's what I said:

provisional findings

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 my intention is to not uphold Mr C's complaint. Let me explain.

It's not our role to tell an insurer how to price their policies or what factors they should consider when calculating risk. An insurers approach to risk is for it to decide. That said we

need to make sure that an insurer is applying a fair and consistent approach to all its customers. I've focused on that here.

We asked Tesco to provide information to show it followed its established underwriting criteria in Mr C's case. More specifically relating to the additional premium it added post the claim from 16 August 2023. Tesco responded with details of the ratings and loadings that led to an increase in Mr C's premium. This information is considered commercially sensitive so I can't share it. But I'm satisfied that it shows how Tesco arrived at the additional premium it charged. This information was system generated and demonstrates Mr C was treated the same as its other customers.

The claim was recorded as non-fault. But most insurers will rate premiums as a result of this. I don't think the increase Tesco applied was excessive and this practice isn't something I'd consider unusual.

In light of this I don't think Tesco treated Mr C unfairly with respect to the additional premium it charged him.

I've thought about Mr C's concerns regarding the misinformation provided by Tesco over the phone. I've listened to three calls recordings Tesco provided. The first is when Mr C agreed to take the renewal on 14 August 2023. The two further calls in September include discussions around the additional premium he disagreed with. I didn't hear Tesco's agent say the additional premium may be refunded at a later date. But from its complaint response the mistake was made in a later call on 14 September. Tesco didn't provide this call for me to listen to. However, the business acknowledges it gave inaccurate information over the phone to Mr C.

I think it's fair that Tesco offered compensation for its agent's mistake. But I'm satisfied that £30 is reasonable in these circumstances.

I asked both parties to send me any further comments or information they might want me to consider before I reached a final decision.

Mr C responded to say he accepted my findings, albeit he was disappointed with the outcome.

Tesco didn't respond.

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.

As neither party has made any further submissions or provided further evidence for me to consider, I see no reason to change my provisional findings.

So, my final decision is the same as my provisional decision and for the same reasons.

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 C to accept or reject my decision before 8 July 2024.

Mike Waldron
Ombudsman