

The complaint

Mr S complains First Central Underwriting Limited declined to offer him an insurance policy.

What happened

Mr S tried to take out car insurance through a comparison website. He found a quote, with First Central as the insurer, but was ultimately declined cover. Unhappy with this, Mr S complained to the broker, and First Central. He said they must hold some incorrect information about him. And he wasn't happy that he wasn't told the reason for the decline.

Mr S' complaint about the broker has been dealt with separately by our Service.

First Central didn't provide a response to Mr S' complaint, so he brought his complaint to the Financial Ombudsman Service. He wanted a full explanation on why he'd been declined insurance, as well as an apology.

Our Investigator requested further information from First Central about why it declined to offer insurance. She didn't think it had fairly shown, based on its underwriting criteria, why it wouldn't provide insurance to Mr S. Initially she asked First Central to refund the difference between the quote Mr S had been provided by First Central (through a broker) and what he ultimately ended up paying for his car insurance. She also said it should pay £150 compensation for the unnecessary upset this had caused Mr S.

Our Investigator then reviewed her findings, following more comments from First Central. She said she couldn't reasonably require it to pay the difference in the quotes he'd received, as First Central had shown it was entitled to not offer a policy, so it hadn't caused him a financial loss due to a mistake. But she said for the loss of expectation, given it hadn't evidenced its underwriting criteria, First Central should still pay £150 compensation. First Central didn't accept that, it asked for an Ombudsman to review the matter. So it has come to me to decide.

Mr S also asked for an Ombudsman to consider matters. He said the Investigator had already reached a final decision, and so her second decision, awarding only compensation, wasn't valid. In July 2024 I issued a provisional decision on this complaint. I've copied what I said below

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

As this is an informal service, I'm not going to respond to every point or piece of evidence First Central or Mr S has provided. But I'd like to reassure all parties that I have read and considered everything provided.

Mr S has said the second opinion of our Investigator isn't valid because a final decision has been made. I want to make clear to Mr S that only Ombudsmen make final decisions. Our Investigators make informal recommendations, which ultimately can change as a result of more information received by either party. This is all part of us being an informal Service.

Having considered matters afresh and independently of our Investigator, I don't intend to uphold this complaint. I'm not minded to decide First Central has treated Mr S unfairly, or that it needs to pay him compensation. I'll explain my views on this below. Both parties will have a chance to respond before I make a final decision.

All insurance policies have underwriting criteria, and each insurer is entitled to decide which risks it is willing to insure, and which it isn't. And as this information is commercially sensitive, First Central doesn't have to share this with Mr S, as frustrating as that may be for him. And this service views commercially sensitive information as confidential – so it's not something we can fully share with Mr S either.

First Central has told this Service why cover was declined. And I consider some of the information its shared can and should be shared with Mr S, as it refers more to the process used rather than specific underwriting criteria.

First Central says Mr S obtained over 40 quotes and it has certain rules that trigger a decline if a customer, or potential customer, amends certain data they input into a comparator site, over a set period. It refers to this as 'quote manipulation'. So ultimately, First Central declined cover as it felt Mr S had amended details, possibly in order to secure a lower quote. And it isn't willing to insure this risk.

Mr S has an opportunity, following receipt of this provisional decision, to provide a response to the above. Although I note in his comments to this Service he's referenced obtaining or seeing around 30 quotes. So on the face of it, this appears to confirm that he obtained a large number of quotes for his car insurance. And he's referenced that given his age, experience and clean license, his insurance should cost about half what he eventually paid. This leads me to think Mr S could have altered the information he entered, in order to see if he'd get cheaper insurance by not disclosing, or altering, certain information.

So at the moment I'm more persuaded by what First Central has provided. And as its underwriting criteria – which I've seen but cannot disclose – confirms no policy would have been offered, I can't say First Central has acted unfairly.

As such, it follows that I'm not going to ask First Central to reimburse Mr S the difference between the initial quote he'd seen, and the amount he ultimately paid.

I'm also not going to require First Central to pay any compensation to Mr S. I appreciate he's been frustrated by the process, and First Central could have shared some reasons why the policy wouldn't be offered, but it is ultimately up to First Central as to what risks it is willing to cover. Mr S' frustration mostly seems to have been because he couldn't find another quote as cheap as he'd seen, but as I'm satisfied that First Central's decision to not offer this policy was fair, I can't reasonably ask it to provide compensation for any upset Mr S was caused.

My provisional decision

My provisional decision is that I don't uphold this complaint.

First Central responded to my provisional decision; it didn't have anything further to add. Mr S 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.

Having done so - and bearing in mind neither party has provided any more information for me to consider - I see no reason to depart from the findings set out in my provisional decision. As such my provisional findings are now those of this, my final decision.

My final decision

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 S to accept or reject my decision before 19 August 2024.

Michelle Henderson
Ombudsman