

The complaint

Mr U complains about his motor insurance policy with U K Insurance Limited. Reference to UKI includes its agents.

What happened

In summary, in November 2023, Mr U took out a motor insurance policy underwritten by UKI. Some months later, Mr U planned to change his car and got an online quote of £700 from UKI in relation to the additional premium for the new car he planned to buy at a future, unknown date. In April 2024, Mr U changed the registration number of his car on his online account with UKI. UKI issued a refund of £15.28. When Mr U returned to UKI's online system he found that it hadn't retained the quote of £700. When he re-entered the details, the quote for the additional premium had increased to £767.31.

Mr U complains that:

- He didn't understand the annual percentage rate (APR) and the increased cost of paying by instalments.
- UKI reduced his premium by £15.28 when he changed his car's registration number.
- UKI gave him a quote of £700 in relation to an additional premium for a change of car but didn't save that quote. UKI subsequently quoted £767.31.

Mr U says he relied on UKI's quote when proceeding to buy a new car. He wanted to remain insured with UKI in order to build his no claims discount. Mr U wants UKI to waive either the interest and instalment charges or the additional premium.

In response to Mr U's complaint, UKI said it explained the APR to Mr U when he took out the policy. UKI said there's usually no change in premium for a change in a car's registration number. It didn't ask Mr U to return the refund.

UKI said the quote of £700 was no longer available after Mr U accepted a subsequent quote to change the registration number of his car. It said when Mr U got the quote of £700 in relation to a proposed change of car, he didn't enter the date of purchase, so its system gave him an indicative quote which was no longer available. It offered to honour the quote of £700 and to pay compensation of £30 in relation to Mr U's inconvenience. Mr U didn't think that was fair and pursued his complaint.

One of our Investigators looked at what had happened. She thought the offer UKI had made was fair and reasonable. The Investigator said UKI told Mr U about the APR and cost of credit when he took out the policy and followed that up in the policy documents.

The Investigator said UKI's action in providing a refund of premium when Mr U changed the registration number of his car was in Mr U's favour. She said premiums are based on a large number of factors, one of which is the date of purchase, which might explain why the quote changed from £700 to £767.31.

Mr U didn't agree with the Investigator. He said the Investigator hadn't considered all the points he'd raised. Mr U said the premium increase should now be lower than £700 due to the passage of time.

Mr U said that UKI had now refused to provide him with cover. There was further correspondence and UKI confirmed that it would calculate a new additional premium on provision of certain information from Mr U, such as the date he wanted the cover to start and the date he bought the car. The Investigator thought that was fair. Mr U didn't agree. He thought UKI would ask him to pay too much for the change of car and he didn't think the compensation UKI had offered for his distress and inconvenience was sufficient. Mr U subsequently said he'd accept an additional premium lower than the original quote of £700 but maintained his position about the compensation for distress and inconvenience.

I understand that Mr U sold his previous car in early July 2024 and suspended his motor policy. Mr U purchased his new car and on 10 July 2024 he paid UKI an additional premium of £483.39 for cover for his new car, which was acceptable to him. Mr U asked that an ombudsman consider his complaint in relation to UKI's offer of compensation for distress and inconvenience. He also had additional queries about further changes he wished to make to his policy.

In this decision I'm dealing with Mr U's initial complaint to UKI, which led to UKI's response on 25 April 2024. As the Investigator has explained, we can't assist Mr U with the ongoing administration of his policy. Our role is to consider the issues raised with UKI up to the date of its final decision letter.

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've taken into account the law, regulation and good practice. Above all, I've considered what's fair and reasonable. The relevant rules and industry guidance say that UKI must act to deliver good outcomes for retail customers.

I'm sorry that Mr U has found this matter so distressing. It's clear Mr U has strong feelings about what's happened. He's provided detailed submissions to support his complaint. I've read through all this carefully and I've taken into account what he's said about the issues I'm dealing with in this complaint. I trust that Mr U won't take as a discourtesy that I concentrate on what I think are the central issues.

information provided at the outset about the APR and the cost of paying by instalments

Mr U says he didn't understand the APR or the cost of paying by instalments. UKI is obliged to give Mr U information that's clear and not misleading. I've listened to the recording of the phone call between UKI and Mr U when he took out the policy in November 2023. UKI told Mr U about the interest rate charged for paying by instalments, the APR and the cost of credit. UKI subsequently sent Mr U a fixed sum credit agreement which repeated that information.

I'm satisfied that UKI gave Mr U sufficient information about the interest rate, APR and cost of credit to enable him to make an informed choice. It was open to Mr U to ask UKI for clarification if he didn't understand what he'd been told. Mr U could have cancelled the credit agreement if the terms were not acceptable to him.

reduction in Mr U's premium following change of registration number

UKI says there isn't usually a reduction in premium following a change of a registration number for a car. It hasn't offered any explanation about why Mr U received a refund on changing the registration number of his car. It's not clear to me why that happened. The change was in Mr U's favour, so I don't think I need to comment on this further.

The quote for an additional premium for Mr U's change of car

UKI says the quote of £700 for an additional premium in relation to Mr U's proposed change of car wasn't retained on its system after Mr U accepted a subsequent quote to change the registration number of his car. I don't think that UKI was at fault in failing to retain the quote of £700. There was no guarantee that quote would remain the same until the date Mr U bought his new car. The quote may well have been different when UKI had all the information it needed, such as the date of purchase and the date Mr U wanted cover to start.

When Mr U discovered that the quote hadn't been retained on UKI's system, he raised the matter with UKI and it agreed to honour the quote of £700 when it responded, two days later. I think that was fair and reasonable. I appreciate Mr U didn't take that offer up immediately but I don't think that was UKI's fault. I think UKI acted promptly.

compensation for distress and inconvenience

It was no doubt frustrating for Mr U to discover that UKI hadn't retained the quote of £700 and to find a subsequent quote was £767.31. UKI offered Mr U compensation of £30 in relation to his distress and inconvenience. As I haven't found that UKI made errors in its handling of Mr U's policy, there's no basis on which I can fairly require UKI to pay Mr U compensation for distress and inconvenience. Mr U should contact UKI direct if he now wishes to accept the compensation of £30.

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 U to accept or reject my decision before 9 October 2024.

Louise Povey
Ombudsman