

## **The complaint**

Mr R complains about the price quoted by First Central Underwriting Limited ("First Central") to renew his motor insurance policy.

## **What happened**

Mr R says he received a quote to renew his policy which was significantly more than what he'd paid the previous year. Mr R says the only change in circumstances related to his address, but other than that, there were no other changes - so he feels it's unfair for the price to have increased so significantly. Mr R decided not to renew and was able to find a policy with another insurer where the price was much lower. So, Mr R complained about the price increase. First Central responded and explained they'd looked into the additional premium Mr R had been charged. They said there are many risk factors taken into consideration when looking at a new address which is determined by the underwriter. They said the price Mr R had been quoted was correct.

Our investigator looked into things for Mr R. He thought First Central hadn't treated Mr R unfairly in relation to the pricing. Mr R disagreed so the matter has come to me for 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.

Having done so, I've decided not to uphold the complaint. I understand Mr R will be disappointed by this but I'll explain why I have made this decision.

The role of this service when looking at complaints about insurance pricing isn't to tell a business what they should charge or to determine a price for the insurance they offer. This is a commercial judgement and for them to decide. But we can look to see whether we agree a consumer has been treated fairly – so is there anything which demonstrates they've been treated differently or less favourably. If we think someone has been treated unfairly, we can set out what we think is right to address this unfairness.

I can see Mr R paid a premium of £283 for his policy in 2022. He was then quoted £636.16 at renewal in 2023 which took into account a change of address. This is a 125% increase, so I do understand why Mr R is concerned about the price – particularly as he says there were no other changes in his circumstances.

First Central have provided me with confidential business sensitive information to explain how Mr R's price increase was calculated. I'm afraid I can't share this with him because it's commercially sensitive, but I've checked it carefully. And, I'm satisfied the price he was quoted has been calculated correctly and fairly and I've seen no evidence that other First Central customers in Mr R's position will have been charged a lower premium.

I acknowledge Mr R says only his address changed, but that's not the only factor which First Central has taken into consideration here. An insurer will take into account a number of rating factors to assess risk and to then calculate a price for the policy. First Central has described how Mr R's price was calculated and they've also referred to claims experience being a factor which has impacted the price - and this leading to a general cost increase applied by First Central. It's been widely publicised over the last year that the price of insurance has increased due to claims inflation and insurers facing rising costs in settling claims – and this includes the cost of used cars going up as well as parts and materials. So, I can't say First Central have acted unfairly here.

As mentioned above, I can't provide specific detail about First Central's risk model, but I have seen how they calculated the price for Mr R's renewal – and I can't say First Central have treated Mr R unfairly here. I say this because the way in which they've rated Mr R's policy relates to the presentation of risk, and their pricing model is consistent with what I would expect to see when an insurer is assessing risk for a motor policy. I can't say there are any features of First Central's pricing model here which are unusual, uncommon or unfair, so I can't say First Central have acted unreasonably here. This forms part of First Central's pricing model so it applies to all policies. I think that's important here as it demonstrates the pricing model used to rate Mr R's policy and calculate a price was no different to what was used for any other customer in the same circumstances.

I acknowledge Mr R feels the price increase is unfair and wasn't competitive given that he was able to find a cheaper policy. But it's for a business to decide what risks they're prepared to cover and how much weight to attach to those risks - different insurers will apply different factors. That's not to say an insurer offering a higher premium has made an error compared to an insurer offering a cheaper premium – but rather, it reflects the different approach they've decided to take to risk.

I acknowledge Mr R believes he hasn't been treated fairly. I fully understand why, on this basis, Mr R has complained, and I hope he feels reassured that I've checked the pricing information from First Central. But I can't say they've made a mistake in how they've rated Mr R's policy or otherwise treated him unfairly. I wish to reassure Mr R I've read and considered everything he has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

### **My final decision**

For the reasons I have given, it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 14 November 2024.

Paviter Dhaddy  
**Ombudsman**