

The complaint

Mr K complains about his insurance broker, Automobile Association Insurance Services Limited (AA). He's unhappy at having to pay an extra £160 for his motor insurance policy after he'd taken out the policy.

References to AA in this decision include their agents.

What happened

In January 2024 Mr K took out a motor insurance policy with AA through a comparison website, at a total premium of £1,065.77 (including an arrangement fee and roadside assistance). However, shortly afterwards AA asked him to pay an additional £160.45, saying he hadn't told them about a non-fault claim under a previous policy, when his vehicle was hit by a third party vehicle.

AA said the underwriter of the policy had identified the claim from a search of the Claims Underwriting Exchange (CUE) database and asked AA to request payment of the additional premium, based on the underwriter's recalculation of the policy risk due to the non-fault claim. AA said the policy would be cancelled if Mr K didn't pay the additional premium. Mr K paid the additional premium.

Unhappy at what happened and having to pay an additional premium because of a claim that wasn't his fault, Mr K complained to AA. AA issued a final response to Mr K's complaint in June 2024. In their response they said they believed they'd resolved the matter (but Mr K could contact them if he had any additional concerns or questions).

Mr K then complained to this Service, unhappy at being asked to pay an additional £160 for his policy. He'd forgotten to mention the no-fault claim when he took out the policy through the comparison website. And he'd never been asked for an additional payment when he'd previously taken out motor insurance policies. He wanted AA to refund the additional £160 he'd paid.

Our investigator didn't uphold the complaint, concluding AA didn't need to take any further action. Looking at a screenshot of the question Mr K was asked when he took out the policy through the comparison website, Mr K was asked whether he had any accidents, claims or losses in the last five years, regardless of who was at fault. Mr K failed to declare the claim he'd made, even though it was non-fault. The investigator concluded AA were entitled (the underwriter was entitled) to ask for the additional premium as the initial premium wasn't based on complete and accurate information from Mr K. When they became aware of the claim, they were entitled to recalculate the policy premium based on an updated assessment of risk presented by Mr K. Mr K could have cancelled his policy if he wasn't willing to pay the additional premium and seek alternative cover elsewhere.

Mr K disagreed with the investigator's view and asked that an ombudsman review the complaint.

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.

My role here is to decide whether AA have acted fairly towards Mr K.

The key issue in Mr K's complaint is his being asked to pay an additional premium by AA after he'd taken out his policy. He says the claim was non-fault and he hadn't previously been asked to pay an additional premium when taking out motor insurance. AA say Mr K failed to declare the claim when taking out the policy and they were entitled to recalculate the policy premium when they found details of the claim on the CUE database. Payment of the additional premium was requested by the policy underwriter and Mr K could have cancelled the policy if he didn't want to pay the additional premium.

AA have provided a screenshot of the question Mr K was asked on the comparison website when he took out his policy. Under a heading *Claims & convictions* it asks:

"Have you had any motor accidents, claim or losses in the last five years?"

This is regardless of who/what was at fault or if a claim was made or not. If you don't tell your insurer about previous accidents, claims or losses, your car insurance may not pay out if you make a claim."

There's a help icon that expands to state:

"What does this include?"

You must declare any claim that has been made on your policy involving any type of motor vehicle, such as cars, vans or motorbikes..."

The Statement of Fact document issued with the policy also includes the information provided by Mr K when he took out the policy. One of the questions was *"Accident or loss involving a motor vehicle in the last five years (regardless of blame or subject to an insurance claim"*. To which the answer provided by Mr K is 'No'. Separately, under a heading *"Accidents, Claims or Losses"* Mr K answered 'None'.

I think the questions are clear and Mr K would have had to declare the claim he'd made, even though he says it was a non-fault claim (he wasn't to blame for the accident that led to the claim. So, I've concluded Mr K provided an incorrect answer to a clear question.

I've seen the evidence provided by AA about the non-fault claim made by Mr K (recorded as June 2023) and the recalculated premium, meaning an additional premium of £160.45. I've also listened to the call between Mr K and AA in which he raises the additional premium (and makes a complaint). He refers to the previous claim and the circumstances of the accident that led to the claim (with his previous insurer). Mr K says he didn't think he had to declare the claim because it was non-fault (and was at no cost to him or his previous insurer).

The call handler explains to Mr K that even a non-fault claim would likely have affected his premium (even if he'd remained with his previous insurer) and should have been declared when Mr K took out his policy with AA. The call handler says a complaint would be logged and then closed without investigation as AA had followed the correct process (though Mr K could still complain to this Service).

While I can appreciate Mr K thinking a non-fault claim didn't need to be declare, I've concluded from the above points that he should have declared it and AA acted fairly in charging an additional premium when they found out about the claim from review of the CUE database. So, I won't be asking them to take any further action.

My final decision

For the reasons set out above, it's my final decision not to uphold Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 12 December 2024.

Paul King
Ombudsman