DRN-5053987

The complaint

Mr J has complained that his motor insurance broker, Cornmarket Insurance Services Limited, ('Cornmarket') isn't honouring an agreement he had with it for his yearly premiums to remain fixed for three years.

What happened

Mr J had been taking out his motor insurance cover through Cornmarket for a number of years. Due to his membership with another organisation, he was entitled to free legal cover as well as roadside assistance.

When Mr J renewed his policy in March 2021, he agreed to enter into an agreement with Cornmarket whereby his premiums would remain fixed for three years. In October 2021 Mr J changed his vehicle. When he called Cornmarket to make the change, he was told that this removed the fixed price guarantee and as a result his future premiums could increase or decrease. He was told he could take out a new three-year deal at his next renewal. Mr J's premium without any arrangement fees was £288.71 and when he changed his vehicle this went down to around £233.

Mr J renewed his policy through Cornmarket in 2022. When he called, he was told he was still under its three-year fixed price guarantee. His total premium including broker's fees was £258.11. He said he would check on price comparison websites to see if the price was still competitive and eventually agreed to go ahead.

In 2023 Mr J called to arrange for his renewal once again. He said he had been quoted £344.10 as his renewal premium which he felt was high. He also mentioned that he had agreed to the three-year fixed premium deal in March 2021 and that when he changed his car he was told his premiums would not go up. His premium for 2022 had in fact gone down but had now gone up again. The adviser deducted the cost of the legal and breakdown cover and provided Mr J with a new quote for £273.11. During this conversation Mr J asked about his three-year deal and was told that any changes made since the start of that agreement would disqualify him for the deal. The handler said that this was explained on Cornmarket's recorded message and that it was also in its terms and conditions. The handler apologised that Mr J had been told that his price wouldn't change by the handler he spoke to previously. Mr J didn't agree that the terms and conditions said that the deal itself would be cancelled but the handler said that the premium could change even under the three-year deal. Eventually, Mr J said he would go on price comparison websites and then confirm if he was happy to accept the £273.11. The handler said that Mr J was still on the minimum premium (£250.88) set by the underwriter. Mr J said he wasn't very happy but would call the following day after shopping around.

Mr J called Cornmarket the following day and said he wanted to proceed with the £273.11 quote. The renewal documents Cornmarket provided to Mr J said that he was still on its three-year fixed premium deal and that his premium would remain unchanged for the following two renewal periods.

When Mr J received his renewal quote in 2024, he said he was shocked to see that it had increased to £1,010.44. He raised this with Cornmarket who said that it didn't operate the three-year scheme anymore. It said that its March 2023 letter erroneously said that Mr J was still on the three-year deal and said it wouldn't be able to honour this.

Cornmarket issued two final response letters in response to Mr J's complaint. In the first one it apologised for telling Mr J in March 2022 that he was still on its three-year deal despite the fact that in October 2021 it told him that this wasn't the case as he had made an adjustment on his policy by changing his car. It also referred to its terms and conditions which say that the price will change if the policy is amended over the three years. It added that the underwriter was no longer offering the three-year deal. It said the complaint was being upheld.

In a subsequent final response letter, Cornmarket dealt with the March 2023 letter. It said that at no point during Mr J's discussions with its advisers in March 2023 was there a confirmation that he was still on the three-year deal and that the first adviser told Mr J that he wasn't on that deal due to the change of car in 2021. It accepted that the letter which followed the telephone discussions should not have said that Mr J was still on a three-year deal and apologised for this and said it was a human error. It offered Mr J £25 as a goodwill gesture and upheld his complaint.

Mr J remained unhappy and so he brought his complaint to us. He said he eventually managed to take out another policy which cost £533.92 but this didn't include legal or breakdown cover. He said he wanted Cornmarket to pay him back the difference between his old and his new premium and to guarantee it would provide comparable fully comprehensive cover for £273.11 at his 2025 renewal.

Cornmarket said to us that the letter sent to Mr J in 2023 which said he was still on the three-year deal was the result of human error and did not correlate with discussions he'd had with its adviser. It added that Mr J paid more in 2020 than he did the following three years. It added that Mr J's premium for March 2024 increased to £970.44 and this was due to market conditions outside its control. It also said that the old underwriter wasn't offering a renewal, so this was with a different insurer.

One of our investigators reviewed the complaint but didn't think it should be upheld. She said that during Mr J's telephone conversations with Cornmarket in 2023 he wasn't offered a three-year deal but acknowledged that its subsequent correspondence stated that he was. She also said that Mr J had decided to accept Cornmarket's renewal price in 2023 after shopping around and not due to him being offered the three-year deal. Our investigator concluded that she wouldn't be asking Cornmarket to honour what was said in the letter and felt that its £25 offer of compensation was fair and reasonable in the circumstances.

Mr J didn't agree and asked for an ombudsman's decision. He said that he felt that a written agreement had more validity than a sound recording which could potentially be edited. He also felt that the £25 compensation he was offered was due to Cornmarket not properly addressing his complaint in its initial final response letter and not due to the error it made in the March 2023 letter.

Our investigator said that Cornmarket edited one of the calls and took out the part where Mr J provided his payment details. But she didn't think that there was a discussion about the three-year deal which had been edited out by Cornmarket. She added that she saw data from Cornmarket's system which showed that the part which was taken out was only 49 seconds which wouldn't be enough for the payment details and the three-year deal discussion.

As the matter was not resolved, it was passed to me to decide.

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.

This includes the call recordings I was provided with.

The crux of Mr J's complaint as I understand it is that he says that he made it clear in March 2023 that he wanted the three-year fixed price agreement to carry on and that this was confirmed by Cornmarket in writing in March 2023.

There is no dispute that the March 2023 letter says that Mr J was still on a three-year deal and would still be on it for a further two years. Cornmarket says this letter was issued in error. Mr J says that Cornmarket should honour what the letter says. I am sorry to disappoint Mr J but I agree with our investigator and I don't think Cornmarket is obliged to offer the three-year deal to Mr J based on what it said in its letter. I say this because I don't think it would be fair or reasonable for me to look at the letter in isolation to decide what, on balance, Cornmarket's agreement with Mr J was. I think I should also be looking at it in the context of their conversations.

When Mr J called Cornmarket in October 2021 the adviser told him that due to the mid-term adjustment, the three- year fixed price guarantee would be removed. The terms of the three-year fixed-price scheme say that the price of the policy will change over the three years if:

"You make any amendments to your policy- any material change to your policy may generate a reduction/increase in premium and will apply pro-rata for the remaining renewal periods"

Based on the above, I think Mr J was given the correct information in October 2021 which is something he, himself, accepts. This is something he stated in his response to Cornmarket's first final response letter where he said that he accepted that the agreement ended in October 2021.

When Mr J called in March 2022, he was told he was still under the three-year scheme which I think was slightly confusing. And I say this because Mr J had been correctly told previously that the guarantee no longer applied to him. Cornmarket has acknowledged this error and apologised which I think is fair and reasonable. Nevertheless, I also note that Mr J said he would consult price comparison websites before deciding whether to proceed with the renewal, which he eventually did. I think this shows that he proceeded because he was happy with the price he had been quoted and not necessarily with the fact that he was told he was still on the three-year deal.

When Mr J called in March 2023, he was again told by Cornmarket that the fixed-price guarantee did not apply to him due to the change he made in October 2021. Nevertheless, he was still offered a seemingly competitive premium which he proceeded with. The handler also said that Mr J was still on the underwriter's lowest premium which is what Mr J had been offered. So, it appears that Mr J was still on the lowest possible premium, despite Cornmarket telling him he was no longer on the fixed price scheme. So, I don't think he suffered any detriment in this regard.

During this call Mr J also said that when he called in October 2021, he was told that his premiums would not go up. But having listened to that call I think the adviser made it clear that the three-year guarantee no longer applied and that the premiums could go down as well as up.

When Mr J called again in March 2023 to confirm he wanted to go ahead, there was no discussion regarding the three-year agreement. I appreciate Mr J says this was important to him and the basis on which he decided to renew but this isn't something I was able to locate in the call. I also note that, the previous day, Mr J said that he would check for other prices on price comparison websites before proceeding. On balance, I think this is the reason why he decided to proceed and not on the basis that he was still on the three-year deal.

On balance and based on the evidence available to me, which includes the two March 2023 calls, I don't think that Cornmarket's intention was to offer Mr J a new three-year deal in March 2023. So, I don't think it would be fair or reasonable for me to ask it to honour what the March 2023 letter said and I accept that this letter was issued in error as there was no discussion about whether or not Mr J wanted to carry on with the three-year deal in March 2023. Cornmarket also said that the three-year deal is no longer on offer and that the new quote was in fact provided by a new underwriter. For this additional reason I don't think it would be fair or reasonable for me to ask Cornmarket to offer something it no longer provides.

Even if I didn't think the letter was issued in error, which I don't, as I said above, I don't think the reason Mr J proceeded with the March 2023 quote was because he was offered the three-year fixed price deal but because the quote was competitive. So I don't think there was any reliance on the belief that he was still under the three-year deal. And I don't think his acceptance of the March 2023 quote led to him suffering any loss for which he should be compensated. Furthermore, as the letter he was sent in March 2023 was sent after he had already agreed to renew his policy, I don't think it played a part in his decision- because he had already decided to renew.

I note Mr J was unsure as to whether Cornmarket's calls had been edited to take out a discussion he had with its handlers where he was offered the three-year deal in March 2023. I appreciate that Mr J's recollection of the calls may be different to what is in the recordings but in the absence of any evidence in support of what he says about the calls, I am unable to find that the calls were edited in this way.

I think Cornmarket's compensation offer of £25 is fair and reasonable in the circumstances and in line with what we would offer in similar circumstances. Mr J said the letter wasn't what the £25 was for but in its final response letter Cornmarket said it was apologising for the error with the documents and also for not addressing this as part of its first final response letter. And that as a goodwill gesture it was offering Mr J £25. I think the £25 was both for the wrong documents i.e. the letter and for failing to address the issue previously.

I appreciate Mr J will be disappointed with my decision. And I can understand how shocked he must have been when he received his renewal quote in March 2024 which was significantly higher than his premium over the previous three-four years. But, for the reasons I gave above, I don't think Cornmarket's actions warrant me directing it to honour the three-year fixed price deal for future premiums or to reimburse Mr J for the difference between his new and his old premiums.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 28 November 2024.

Anastasia Serdari
Ombudsman