

## **The complaint**

Mr M complains about the premiums Advantage Insurance Company Limited quoted for the renewal of his motor insurance policy. He wants it to honour the lowest quote it provided.

## **What happened**

Mr M was involved in an accident that wasn't his fault before his policy with Advantage was due for renewal. Advantage said the claim was open and could be for months, and it provided Mr M with a quote based on a non-fault claim. But shortly afterwards Advantage told Mr M that the claim had been closed as fault and his quoted renewal premium had increased. Mr M was unhappy with this as he thought he'd negotiated a lower premium when the claim was still open.

Our Investigator didn't recommend that the complaint should be upheld. He thought Advantage's first renewal quote was made with a non-fault claim recorded. The call handler agreed a lower quote and said the claim could remain open for some time. But she didn't warn Mr M that the quote may increase if the claim was closed.

The claim was closed a few days later as fault because Advantage had no prospect of recovering its outlay. And he thought this meant that its risk had increased, and the quoted premium would increase. He thought this was standard practice and so he didn't think Advantage had done anything wrong.

Mr M replied that Advantage had never told him that the claim would be recorded as "non-fault". He said he'd been always told it would be treated as a "fault". He said he hadn't been warned that closing the claim would increase the premium and this had affected his decision to renew. He said he hadn't been left with enough time to find a cheaper quote and other insurers offered lower prices with the fault disclosed. Mr M asked for an Ombudsman's review, and so his complaint has come to me for a final 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.

I can understand that Mr M feels frustrated with the increases in his premium at renewal and I can also understand that he wants an explanation for this.

Mr M said he hadn't been told that the open claim was initially recorded as non-fault. But I disagree. I've looked at the renewal invitations he received with the quoted premiums he negotiated. Under "Incident History", the earlier one states that Mr M was not at fault for an accident while the latter one, with the higher premium, states that he was at fault.

So I think Advantage initially recorded the claim as non-fault as it thought it could identify the other driver from CCTV evidence.

Mr M thought the increase in premium due to an open non-fault claim was excessive. He said he'd found other insurers offering premiums for similar prices with a fault claim disclosed. But while some insurers will only rate on No Claims Discount (NCD) disallowed or "fault" claims, others will consider any claim – or even just a claim notification – as a "risk

factor". This is because insurers say that drivers who have been involved in incidents, regardless of fault, are more likely to be involved in future claims.

I can understand that Mr M may find this to be illogical. But being involved in an incident could be linked to such things as his use of higher risk roads or junctions or driving at particular times.

It's not our role to tell an insurer how to price their policies or what factors they should consider when calculating a risk. However we need to make sure the insurer is applying a fair and consistent approach to all consumers.

Insurers regularly update how they rate the risk of consumers. And their rates continually change. Advantage has explained how Mr M's premiums were calculated. I can't share this information with him as it is business sensitive. But I'm satisfied the renewal prices Mr M was quoted with the non-fault and fault claims have been calculated correctly and all of Advantage's customers in his position will have been charged similar premiums.

Advantage's decision on how to rate claims is its commercial decision. This doesn't break any relevant regulations and it's in keeping with standard industry practice. And I can't see that Advantage has treated Mr M differently to any of its other customers. And this isn't something that I would normally interfere with as it is a legitimate exercise of its commercial judgement.

Mr M said the timing of the increase in his premium after the claim was closed as fault didn't leave him time to find alternative cover. But I disagree. Mr M said he'd already shopped around to look for quotes with a fault claim disclosed, and he'd shared with us some of his results. And he could also have taken out a policy with Advantage and then cancelled it within the fourteen day cooling off period if he found cheaper cover elsewhere. So I can't say that Advantage disadvantaged him by updating his quote with the changed claim outcome.

So I'm satisfied that Advantage quoted Mr M a premium based on a non-fault claim whilst his claim was open. It then closed the claim as fault when it was unable to identify the other driver and so recover its outlay. And then it quoted Mr M a premium based on a fault claim, as it's entitled to do. It was for Mr M to decide whether or not to accept this quote or to seek alternative cover. So I can't say that Advantage did anything wrong or should refund Mr M any premium.

### **My final decision**

For the reasons given above, 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 M to accept or reject my decision before 23 December 2024.

Phillip Berechree  
**Ombudsman**