

The complaint

Mr K complains that Right Choice Insurance Brokers Ltd (“Right Choice”) failed to provide a premium refund and didn’t respond to his emails in relation to his motor insurance policy.

What happened

Mr K says he was charged an additional premium when taking out his policy. This is because an earlier claim from October 2022 hadn’t been resolved. The additional premium was to be refunded once the claim was settled and his no-claims discount (NCD) was confirmed. Mr K says this didn’t happen despite providing proof of his NCD. He says he had five years NCD, but Right Choice only allowed for four years. Mr K says Right Choice’s handling of this matter caused him a great deal of stress.

Mr K referred his complaint to our service in March 2024. We contacted Right Choice. In its response it says it refunded Mr K’s additional premium in April. However, this was delayed. It says it also refunded two £45 admin charges it has raised. These charges were valid. But it says it paid this as an apology.

Right Choice says Mr K would normally have been charged an admin fee of £35 when he provided his proof of NCD in July 2023. But it waived this charge because of its delay in actioning the required change.

Mr K didn’t think he’d been treated fairly and asked us to consider the matter. Our investigator didn’t uphold his complaint. He says Mr K gave inaccurate information about a claim from October 2022. When Right Choice identified this claim was still open, Mr K’s premium was adjusted. It charged a £45 admin fee for the amendment. Mr K then provided evidence of four years NCD, but not the five years he’d said he had. This required a further amendment with an additional premium and admin fee.

Mr K provided proof of five years NCD in July 2023. Our investigator says Right Choice didn’t act on this until April 2024. He says it should’ve responded to Mr K’s emails and provided a refund sooner. But he thought by refunding, and not charging, a total of £125 in admin fees, this was enough to compensate for its poor service.

Mr K didn’t agree with our investigator’s findings and asked for an ombudsman to consider his complaint.

It has been 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.

Having done so I’m not upholding Mr K’s complaint. I’m sorry to disappoint him, but I’ll explain why I think my decision is fair.

The relevant law here is the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). Under CIDRA Mr K must take reasonable care not to make a misrepresentation when taking out insurance. If he doesn't do this, CIDRA allows his insurer to take certain actions, assuming the misrepresentation is a qualifying one. A qualifying misrepresentation is where the insurer wouldn't have provided cover at all, it would only provide cover under different terms, or it would only provide cover for a higher premium.

I've seen the question Mr K was asked when he agreed his policy online. The question is clear. It asks if Mr K's NCD was affected by the accident he'd declared from October 2022. He answered 'no'. However, this was still an open claim and was affecting his NCD. So, Mr K made a misrepresentation.

As a result of Mr K's misrepresentation his insurer increased his premium to reflect the status of the ongoing claim. This resulted in an additional premium of £201.84 plus Right Choices £45 admin fee.

Under CIDRA Mr K's insurer has certain remedies available to it. As above this depends on whether Mr K's misrepresentation is qualifying, and whether it was thought to be careless, or reckless, or deliberate. I haven't seen underwriting information to show that if correct information been provided a higher premium would apply. This means I can't be sure the misrepresentation was a qualifying one. However, this essentially is a moot point as the CIDRA remedies haven't been applied.

Mr K's insurer decided to increase his premium as opposed to cancelling or settling any future claims on a proportional basis. This isn't a remedy available under CIDRA. But it was beneficial to Mr K in these circumstances. Cancelling or proportional settlement of future claims is a more severe response and can have a greater impact. So, I don't think this approach was unfair. That said Mr K's complaint is about Right Choice in its role as broker and administrator for his policy, not his insurer. So, I won't comment further on his insurer here. However, the additional premium it charged is of relevance as the delayed refund forms the crux of Mr K's complaint. But if Mr K has concerns about the role of his insurer, he will need to raise a separate complaint.

I've seen the letter Mr K sent to Right Choice dated 28 March 2023, confirming he has four years NCD. He'd told Right Choice he had five years NCD. This meant another change to his policy and an adjustment to his premium. This cost a further £101.58 in addition to Right Choice's £45 admin fee. Added together the additional premiums with the two admin fees came to £393.42.

In June 2023 Mr K was informed by his previous insurer that the third-party had admitted liability for the October 2022 claim. I've seen the letter dated 4 July 2023 that he sent to Right Choice. This confirms he has five years NCD.

At this juncture Right Choice should've arranged for a refund of the additional premiums Mr K's insurer had charged. But Right Choice didn't do this until April 2024. I can see Mr K contacted it several times over this period to raise this point.

Right Choices' terms of business allow it to charge £45 for each of the changes due to the inaccurate information Mr K gave. The terms also allow a £35 charge when a further change was needed after proof of five years NCD was provided. Right Choice has paid Mr K £393.42. This is a full refund of the addition premiums charged by his insurer. In addition to the £90 he paid in admin charges. Right Choice also waived the £35 admin charge for the last amendment.

I can understand why Mr K was frustrated by the delay in Right Choice providing his refund

and that he found this experience stressful. The business had the information it needed to arrange a refund in July 2023. It took around nine months to action this. Had Right Choice dealt with the matter efficiently Mr K should've been paid £268.42 in July 2023. As it is he received a payment for an additional £90 and wasn't charged £35. I think it's fair that Right Choice acknowledges the poor service it provided. But in the circumstances I think £125 is reasonable to recognise the impact it had on Mr K and accounts for any lost interest. So, I won't ask it to pay more.

I note Mr K's comments that he wants Right Choice to be fined or punished for how it treated him. I can understand how he feels. But I don't have the remit to require the action he wants. Our service is here to look at individual disputes. We're not a regulator and we're not able to fine or punish a business in the way Mr K suggests.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 10 January 2025.

Mike Waldron
Ombudsman