

## **The complaint**

Mr S complains about problems renewing his car insurance policy provided by First Central Underwriting Limited.

During the events of this complaint, First Central Underwriting Limited were known by its previous registered company name of Skyfire Insurance Company Limited. For ease, I'll refer to it as "First Central" throughout this decision.

## **What happened**

Mr S held car insurance underwritten by First Central which started on 8 December 2022 and was scheduled to expire on 7 December 2023.

In November 2023, shortly before his policy was due to renew, Mr S called First Central to let it know he was buying a new car and to get a quote to renew his policy with the new car. Mr S was told it would be cheaper to do this online. So Mr S logged on to his First Central online account and added the details of his new car, which allowed him to take out temporary cover until 7 December 2023, and to get a quote of £921.50 to cover the new car for the next full year once the temporary cover expired.

Mr S said the renewal quote was less than quotes he found elsewhere, but he wanted to see if it could be reduced further. So he logged on to his online account again on 5 December 2023 intending to see if adding an immobiliser would reduce the renewal quote. But he says when he logged on, he noticed that although the registration matched his new car, the car model showed as his old car.

Mr S called First Central to resolve this. But it couldn't update its system with the model for the new car. Due to this, Mr S couldn't renew his policy with First Central, and had to take out a car insurance policy elsewhere, which he says cost more than the renewal quote First Central had given him.

Mr S complained about this, and also that he'd been caused to worry his temporary cover wasn't valid for his new car. First Central said if Mr S had been involved in any incident it would have provided him a manual document of insurance to show he had cover in place. And it sent him a letter confirming this. First Central also refunded £13.01 Mr S had paid for temporary cover. And it paid him £200 compensation for the distress and inconvenience which had been caused.

Our investigator said in addition to the above, First Central should also pay Mr S the difference between the renewal quote it provided, and the amount Mr S ended up paying for a car insurance policy elsewhere. So he recommended First Central pay Mr S £183.07.

First Central didn't agree, so the complaint was referred to me to decide. I issued a provisional decision upholding the complaint and I said the following:

*"Mr S says he entered everything correctly when he added the details of his new car online. I asked First Central if it could provide evidence to show exactly what Mr S entered online.*

*First Central said it couldn't provide screenshots showing the online journey from when Mr S added the new car details. It referred instead to the policy statement of fact as being representative of what would have been entered.*

*I've looked at the policy statement of fact for the temporary cover. I can see the registration, car value and date of purchase all appear to have been updated to the new car. But the model shows as that of the old car. For reference, I understand the manufacturer was the same for both the old and new car.*

*First Central has acknowledged, though, there was a technical issue with its system not recognising the new car, which I understand was due to it having a new registration plate. First Central said it's possible that Mr S entered the correct details for the new car, but afterwards its system reverted to the make and model of the old car. On balance, I think it's most likely a technical issue caused the problem, rather than Mr S not entering accurate details for his new cars. First Central couldn't update its system manually to accept the model of the new car when Mr S called on 5 December 2023, which would seem to support a technical problem was also responsible for the car details not fully updating when Mr S had originally submitted these.*

*First Central said in its final response that Mr S had an opportunity to check the details on his statement of fact were correct after this was sent to him on 25 November 2023. I don't think this makes a difference here though, since Mr S contacted First Central before the renewal anyway to make it aware of the issue.*

*I've considered the impact which was caused to Mr S.*

*I think £200 compensation, the refund of £13.01 for the temporary cover and the letter confirming First Central would have covered Mr S's new car during the temporary cover period was fair and reasonable for the distress and inconvenience caused. But First Central said Mr S wasn't caused any financial detriment. I've considered this further.*

*I don't dispute Mr S would have had to take out car insurance somewhere else after First Central couldn't resolve the issue and progress Mr S's renewal with it, using all the correct car details. But Mr S ended up having to pay more than First Central's quote to take a car insurance policy out somewhere else.*

*Mr S has provided screenshots showing he took out a comprehensive car insurance policy which commenced on 5 December 2023 with a different provider. The annual premium charged for this shows as £1,104.57.*

*First Central said its renewal quote of £921.50 for the new car was an increase from the renewal quote for the old car because the value and date of purchase date of the car had been amended. But First Central said this quote was inaccurate because it didn't use the correct vehicle details. However, First Central hasn't shown if there would have been a difference in the quote, and by what amount, had all the car details been accurately updated by its system.*

*Without knowing if updating any inaccurate details, like the car model, would have had an impact on the renewal quote, and if so by what amount, I can't say there wasn't a risk of financial detriment being caused to Mr S of having to pay a higher premium for a policy elsewhere than had he been able to renew with First Central as he'd originally planned.*

*I acknowledge First Central's comment that it had no control over what another insurer would have charged Mr S for a policy. But Mr S was concerned his temporary cover wasn't valid, and looking at the call notes from 5 December 2023, Mr S raised this with First Central*

*and I can't see anything to show at the time it reassured Mr S his temporary cover was valid. So I think given that First Central didn't appear to reassure Mr S his temporary cover was valid, and it wasn't able to resolve the technical issue to allow Mr S's renewal to proceed, it wasn't unreasonable for Mr S to take out a policy with another provider at very short notice.*

*Ultimately, I think Mr S wanted to renew with First Central, he wasn't responsible for the issue with his car details not accurately updating, he gave First Central an opportunity to rectify the issue before his renewal, and it didn't do so. So it wasn't unreasonable for Mr S to take out a policy with a different provider. And since I can't say Mr S wasn't caused financial detriment by having to pay more to do this than had he been able to renew with First Central, I think it's reasonable for First Central to pay the difference between the renewal quote it offered Mr S for his new car and the cost he paid to take out a car insurance policy elsewhere.*

*So I think First Central should pay Mr S £183.07 and it should also add 8% simple interest to this amount calculated from the date Mr S paid the premium to his new insurer to the date of settlement."*

First Central and Mr S didn't reply to my provisional 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.

Since neither party has provided me with anything more to think about, I see no reason to depart from the position I set out in my provisional decision. So I've decided to uphold the complaint for the same reasons I gave in my provisional decision.

### **Putting things right**

To avoid the risk of detriment to Mr S of paying a higher premium than had he been able to renew with First Central, I require First Central to pay Mr S £183.07 and to add 8% simple interest to this amount calculated from the date Mr S paid the premium to the date of settlement.

If First Central considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr S how much it's taken off. It should also give Mr S a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

My final decision is that I uphold this complaint and I require First Central Underwriting Limited settle Mr S's complain in line with what I've said in the 'Putting things right' section of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 26 December 2024.

Daniel Tinkler  
**Ombudsman**