

## **The complaint**

Mrs H is unhappy with the commission charged by NCI Insurance Services Ltd (acting as an appointed representative of Jigsaw Insurance Ltd) following the sale of her car insurance policy.

Mrs H is being represented by a third party in bringing her complaint to this Service. For ease of reference I have referred to Mrs H throughout this final decision.

## **What happened**

Mrs H took out car insurance in October 2023 through a price comparison site. The price comparison site referred Mrs H to a policy being brokered by NCI. Mrs H went ahead with taking out a car insurance policy through NCI, and was charged a premium of £898.81.

Mrs H complained to NCI about the premium charged, saying it was much more expensive than what she'd paid the previous year (and her circumstances hadn't changed). NCI said the premium quoted was in line with the pricing model and rating structure agreed with the insurer of the policy. Mrs H was unhappy with this response, and brought the complaint to the Financial Ombudsman Service.

The Investigator found that NCI had acted reasonably and didn't ask NCI to do anything in settlement of Mrs H's complaint. Mrs H rejected these findings saying that *'insurance brokers do not help customers to decide what type of insurance and level of cover they need, find the right insurance company, compare product features to get the best prices'*, and that the Investigator had failed to *'mention of the amount of commission paid to NCI.'* As the complaint couldn't be resolved it was passed to me for 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 think it's important to mention here, it's for a business to decide what risks they're prepared to cover and how much weight to attach to those risks - different insurers and brokers will apply different factors. That's not to say a broker offering a higher premium has made an error compared to a broker offering a cheaper premium – but rather, it reflects the different approach they've decided to take to risk.

I understand Mrs H's disappointment with the different pricing models adopted by different brokers, and the impact on the cost of a policy offered to consumers because of this. But having carefully considered Mrs H's comments, I'm satisfied the pricing model used by a broker is a matter of commercial judgment. It is for a broker to decide how to structure its pricing model, and what charges to associate with it.

NCI has given us some information about how they calculated Mrs H's premium in respect of the policy taken out in 2023. Within the information provided, it has included a copy of the

Terms of Business Agreement that Mrs H would've been provided with at the time of taken out her policy.

I've seen that the Terms of Business Agreement explained NCI would charge a fee for arranging the policy, and that this fee would be applied to the cost of Mrs H's policy. The document I have seen refers to this cost as being £20. NCI has confirmed Mrs H was charged £25. Although there is a difference in price, I'm persuaded on balance that the difference wouldn't have impacted Mrs H's decision to take out insurance through NCI. I say this because the difference is nominal when compared to the overall cost of Mrs H's policy.

Having reviewed the evidence, I'm satisfied that NCI didn't apply any additional charges or costs to the cost of Mrs H's premium apart from the £25 arrangement fee explained in the Terms of Business Agreement.

NCI did receive a commission for arranging the policy. This is usual practice for a business arranging insurance as it usually covers the cost of arranging the policy and the administration and servicing that this encompasses.

NCI has shared information about how the commission it charges is applied. The breakdown of how this cost is applied (including marketing, design, training, and staff costs) is in line with what we'd expect for a policy of this type. The Terms of Business Agreement confirm Mrs H can request information about the commission received by NCI. Should Mrs H consider this information helpful, she should contact NCI to arrange for this to be sent.

We also asked NCI to provide information about the premium being offered to Mrs H being the most competitively priced at the time. NCI has explained how premiums are generated at the time of application through the online process. Having considered this process and NCI's explanation about how prices are generated from all available insurers at the time, I'm satisfied Mrs H was offered the most competitively priced quote available from NCI's panel of insurer's at the time.

I recognise Mrs H's strength in feeling about the lack of support provided by NCI during the application process. But having considered the evidence I'm persuaded NCI's service was reasonable, and the information provided allowed Mrs H to determine whether to go ahead with the policy. I understand Mrs H will be disappointed by my findings but for the reasons explained, I won't be asking NCI to do anything in settlement of Mrs H's complaint.

### **My final decision**

For the reasons provided I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 4 April 2025.

Neeta Karelia  
**Ombudsman**