

The complaint

Mr L complains U K Insurance Limited (UKI) gave a poor level of service when he contacted it for a motor insurance policy quote and that it didn't offer a clear explanation in the price differences from a previous quote.

UKI are the underwriters of this policy i.e. the insurer. Part of this complaint concerns the actions of the intermediary. As UKI have accepted it is accountable for the actions of the intermediary, in my decision, any reference to UKI includes the actions of the intermediary.

What happened

Mr L had a motor insurance policy with UKI which was due to end in August 2024. Around April/May 2024, he obtained a quote for a different car, because he intended on changing his car. He didn't buy this car and therefore didn't organise for any change in his motor insurance cover to start. Mr L then scrapped the car covered by the policy in May 2024. He informed UKI of this and his policy was suspended due to him not having a car.

When Mr L's policy came to an end towards the end of August 2024, he hadn't organised cover for another car.

In October 2024 Mr L contacted UKI to obtain a motor insurance quote for another car, which was similar to the one he had obtained a quote for in April/May 2024. UKI did offer a quote but this was much higher than the quote obtained earlier in the year. Mr L had to make multiple calls over several weeks regarding the high new business quotes. He said he didn't receive a clear explanation for the high price of the quote. He also said he wasn't satisfied with the way UKI agents treated him during the calls made.

Because Mr L was not happy with UKI, he brought the complaint to our service.

After Mr L brought his complaint to our service UKI increased its offer of compensation by £100 to a total of £200.

Our investigator did not uphold the complaint. They looked into the case and said they had not seen any evidence to suggest UKI treated Mr L differently to any other UKI customer in the same circumstances when providing quotes for motor insurance cover. They said the £200 compensation offered to Mr L for the poor level of service received was fair in the circumstances of this complaint.

As Mr L is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

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.

Premium pricing

It is important to understand that we're not the industry regulator. That means I don't have the power to tell an insurer or broker how much it can charge for its policies. Neither is it my role to tell an insurer what factors it should take into account when assessing risk.

When calculating what premium to charge individual policyholders, UKI will take numerous different factors into account – these are likely to include, but are not limited to, the policyholder's postcode, the age of the drivers, the number of claims, the car make, model and age etc. And different insurers assess risk differently. What is high risk to one may not be to another. Individual insurers may also use different data when assessing the risk posed. But that's not unusual or unfair.

We cannot tell UKI (or any insurer) that it should use, or discount, specific data. That's because the risk is UKI's to take on so it will decide how to assess it and will price the policies it offers accordingly. Prices can go up or down, depending on what it thinks the risks are that year for all of its customers.

Providing they treat people fairly, insurers and brokers are entitled to charge what they feel they need to in order to cover a risk. So although I cannot tell UKI how much to charge Mr L, I can look at whether it treated him fairly when giving quotes for motor insurance cover.

In this case I saw Mr L contacted UKI in April 2024 and obtained a car insurance quote for the car he intended to buy. This quote was approximately £582. He contacted it again in October 2024 for another quote for a similar car and this quote was £2,075.

I recognise this was an increase of almost four times the amount of the quote obtained only a few months previously. I obtained information from UKI's regarding the underwriting criteria it used so I could check if an error had been made.

I considered Mr L's complaint point about being treated as a new customer by UKI in October 2024. Although I recognise he had been a customer of UKI for a number of years, because his last policy had expired in August 2024 Mr L would need to enter into a new contract with UKI, and a new quote is treated as a new customer. This is usual practice.

I saw the quote obtained in October 2024 was for a different model of car. Any differences are likely to mean a different risk rating. Although I am unable to share UKI's underwriting criteria because its confidential business sensitive information, I checked and considered the information it provided, and I'm satisfied it did follow its established process and explained how the price was calculated.

I'm satisfied the price quoted in October 2024 was calculated fairly and consistently by UKI. I don't believe UKI have been unfair in its pricing or that it treated Mr L any differently to other customers. Therefore, I don't uphold this part of his complaint.

Level of service given

I saw Mr L made numerous calls to UKI to try and get an explanation for the increase in the cost of premiums. Calls were dropped a number of times and there were issues when calls were transferred between UKI's agents. I saw in addition he was given incorrect information about the reason for the increase.

UKI accept the level of service received by Mr L from itself was unacceptable and not the standard of service it would expect. It paid him £100 compensation for the distress and inconvenience caused.

Mr L said he was unhappy it was difficult to speak to a UK based agent. I am aware that UKI does have some of its call centres based outside the UK, however this Service is not able to tell an insurer how it must run its business – UKI is entitled to make its own commercial decisions about this.

I recognise this lack of service and clarity from UKI's agents would have been very frustrating for Mr L, as well as taking up his time. However, based on the issues encountered, I think £200 compensation is a fair and reasonable amount.

Therefore, I uphold Mr L's complaint and I require U K Insurance Limited to pay a total of £200 compensation, less the £100 already paid.

My final decision

For the reasons I have given I uphold this complaint.

I require U K Insurance Limited to pay Mr L a total of £200 in compensation, less the £100 already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 14 February 2025.

Sally-Ann Harding
Ombudsman