

## **The complaint**

Mr M complains that First Central Underwriting Limited unfairly applied a voluntary excess when he made a claim on his motor insurance.

## **What happened**

Mr M took out a First Central motor insurance policy via a price comparison website in September 2023. In June 2024, he had an accident and made a claim. He explained that a malicious phone call had caused him “*undue stress, anxiety and emotional upset*”. He’d subsequently lost control of his car.

Four days later, he had a phone call with First Central’s claims agent. She confirmed the circumstances of the accident and explained the next steps, including when he would pay the £150 policy excess. Mr M disputed this. He said his excess was £100, not £150. The agent explained that the compulsory excess was £100, the voluntary excess was £50, and both were payable.

Mr M complained to First Central. He said he shouldn’t have to pay a voluntary fee. He was also upset by the agent’s attitude during the call.

First Central didn’t uphold the complaint. It told him its agent correctly told him the excess was £150. He agreed this when he took out the policy and it was set out in his policy documents. It didn’t agree that the agent’s handling of the call was unreasonable. It later told us it thought the agent was “*polite and efficient*”.

Mr M didn’t accept this and complained to this service. He says, in summary:

- First Central didn’t take the circumstances of his accident into account, despite him reporting the malicious call to the police.
- He was led to believe the voluntary excess was a voluntary amount he could choose to pay if he wanted to.
- He described his extremely difficult personal circumstances.
- First Central failed to give him the contact details for this service.
- He refuses to put his car in for repairs and pay the excess until this service considers his complaint.

Our investigator didn’t recommend that the complaint should be upheld. He explained that under the policy terms Mr M must pay all excesses when he makes a claim, including the voluntary excess. He thought the policy documents made this clear. He didn’t think First Central’s agent was aggressive during the phone call. Overall, he was satisfied that First Central hadn’t done anything wrong.

Mr M didn’t agree, so the complaint was passed to me to make 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.

First, ombudsmen decisions are published so are written in a way that prevents the customer from being identified. The unique circumstances of Mr M's accident are known to both parties so I'm not going to set them out here. If I'm vague about them it's to keep Mr M from being identified not because I've ignored them or think them irrelevant.

It might also be helpful if I explained how an excess works. This is the first part of a claim the policyholder must pay. Nearly all insurance policies have an excess. The amount will be agreed when the policy is taken out and is normally made up of two parts:

- Compulsory (sometimes called 'Standard') – set by the insurer.
- Voluntary – what the policyholder agrees to pay on top of the compulsory excess.

The voluntary excess allows a policyholder to lower their premium because it reduces the amount an insurer will pay in the event of a claim. The higher the voluntary excess, the lower the premium. In this case, Mr M chose a voluntary excess of £50 on top of the £100 compulsory excess. That means Mr M's policy excess was £150.

It's clear to me that Mr M misunderstood this. However, I'm satisfied that it was clearly set out both when Mr M took out the policy and in the policy documents. For example:

- First Central sent us screenshots showing the online 'journey' Mr M went through when he bought his policy. As part of this, he was asked: "*What's the maximum voluntary excess you'd like on this policy?*" The website explained: "*Voluntary excess is the amount you're willing to pay on top of the compulsory excess... Choosing a higher voluntary excess may lower your premium, but make sure you're comfortable paying both the voluntary and compulsory excess amount in the event of a claim.*"
- The price comparison website showed the compulsory, voluntary, and total excess before it offered Mr M a quote.
- First Central's welcome email quoted both the compulsory and voluntary excesses and said: "*All excesses that apply are shown on your Schedule. If you need to make a claim, you are responsible for paying all excesses applying to the policy, even if the incident is not your fault.*"
- The policy schedule quotes the Standard excess of £100, and Voluntary excess of £50 under the heading 'Your Excesses'. This is prominent on the first page of a two page document.
- Page 3 of the policy booklet defines the excess as: "*The amount of any claim you will have to pay if your car is lost, stolen or damaged. When you set up your policy you may also choose to add a voluntary excess, and this amount is set by you. All excesses that apply are shown on your Schedule. If you need to make a claim, you are responsible for paying all excesses applying to the policy, even if the incident is not your fault.*"

The relevant industry rules have always required businesses to treat their policyholders fairly. This is set out further by the new Consumer Duty, which set out higher and clearer standards of consumer protection. This means, among other things, that insurance companies must give them the information they need, at the right time, and presented in a way they can understand. That way they can make informed decisions. In this case, I'm satisfied that First Central explained the excess clearly.

I said I wouldn't go into the unique circumstances of the accident, however there's one important point I need to address. Mr M says he was the victim of a malicious phone call which led to the accident. He's upset that First Central "*were not interested*" in this. While I understand this would have been a deeply upsetting experience for Mr M, I don't think it's entirely relevant to his claim. This was a single car accident and, as the claims agent explained, it's recorded as a fault claim against him. Mr M's emotional state immediately before the accident doesn't affect First Central's contractual right to apply the policy excess. An insurer might choose to waive it as a gesture of goodwill – although I think this would be rare, even in the circumstances described by Mr M – and it's not something I'm going to order First Central to do.

Finally, I've listened to Mr M's phone call with First Central. I agree with First Central that its agent was "*polite and efficient*". While I recognise that Mr M was surprised and annoyed when the agent told him he had to pay the voluntary excess, he didn't sound particularly upset with the agent and the call ended on good terms.

I'm satisfied that First Central clearly explained the policy excess to Mr M and told him it would apply this when he took his car in for repairs. I'm satisfied that this is in line with the policy terms, and I don't think First Central acted unfairly when it handled Mr M's claim.

### **My final decision**

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 28 March 2025.

Simon Begley  
**Ombudsman**