

## **The complaint**

Ms P complains about the premium that First Central Underwriting Limited charged her when she renewed her motor insurance policy. She wants a further refund. Ms P is represented in this matter by Mr L, a named driver on her policy.

## **What happened**

Ms P's policy was renewed whilst she had an open claim on her policy. The claim was later settled as non-fault and First Central said it reinstated Ms P's No claims Discount (NCD), recalculated her premium and refunded her the overcharge and her policy excess. Ms P was unhappy with the amount of refund. First Central said its calculation was correct but it paid her £75 compensation for poor service. But Ms P remained unhappy.

Our Investigator didn't recommend that the complaint should be upheld. She thought it was standard industry practice to record an open claim as fault until it was settled. When it was settled as non-fault, she thought First Central had reasonably reinstated Ms P's NCD and refunded her policy excess.

She saw that Ms P then contacted First Central and it reviewed the premium based on the reinstated NCD and it calculated a refund of premium of £152.67, which it set against the outstanding premium. The Investigator checked the calculation and thought it was fair and that First Central had treated Ms P as it would any other customer in her circumstances. She thought its compensation for poor service was fair and reasonable.

Mr L replied that he thought the refund was unfair as the premium had increased from about £450 to £1,200 at renewal. He thought £150 refund after the claim was changed to non-fault and three years' NCD was reinstated was unfair. He said Ms P had a new car with her annual premium costing about £250. He thought the claim had cost them about £2,500.

## **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 can understand that Ms P and Mr L felt frustrated with the small refund they received from First Central. I was sorry to hear about the loss of their car and the effect this and the claim has had on their finances. Mr L mentioned that he thought the settlement offer for the car was unfair. But I can't consider that here as I can't see that he's complained about this to First Central.

Another driver collided with Ms P's parked and unattended car. From First Central's file, I can see that it took about seven months for it to identify the driver of the other car involved. Whilst the claim was open, it was recorded as a fault against Ms P. But this doesn't mean that Ms P was to blame for the accident. It's standard industry practice to record claims as fault until the insurer recovers its outlay.

Ms P's policy was then due for renewal. Due to the fault claim, her unprotected NCD was affected and stepped back two years to zero. The annual premium increased to £846.47, and with interest payments to £972.09, from, as Mr L recalled, about £450 the previous year. And I can see from the renewal documents that First Central calculated that, with the extra

fault claim and the loss of her NCD, Ms P would have paid £840.77, without interest, in that year.

First Central received its outlay back from the other insurer three months later. The next day, it refunded Ms P her £150 policy excess. It then closed the claim as non-fault and reinstated Ms P's two years NCD. Seven months later, it said Ms P contacted it to amend the claim and her NCD. It then recalculated her premium from the start of the year and calculated that a refund of £152.67 was due.

The policy then renewed for another year with a non-fault claim and three years NCD. This was for a different car, a more recent model than Ms P's last car. But from what I can see, all other details remained the same. And the premium was £234.10.

Mr L queried the refund of premium First Central paid when it reinstated the two years NCD and changed the claim to non-fault. And I can understand that he was concerned that First Central hadn't correctly calculated the refund when he looked at what Ms P had paid previously.

Insurers constantly update how they rate the risk of consumers. And their rates continually change. First Central has provided me with confidential business sensitive information to explain how Ms P's premiums were calculated. I'm afraid I can't share that with Mr L, but please rest assured I've checked it carefully.

I can see that First Central recalculated the premium Ms P paid for her policy. The interest amount Ms P had paid wasn't included as this was Ms P's arrangement with the finance company. The difference in premiums was £152.67.

I think First Central has reasonably demonstrated that the premium increase at renewal was due to several factors that contributed to a higher risk assessment. These included general inflation, rising insurance costs, and other risk-related considerations. I think it was reasonable for First Central to take these into consideration when assessing the premium it wanted to charge. So, I think the explanation provided by First Central for the increase was reasonable.

And I'm satisfied the revised annual premium price Ms P was quoted with the reinstated two years NCD and the corrected non-fault claim has been calculated correctly. And I think all of First Central's customers in her position will have been charged a similar premium.

I can't see that First Central has treated Ms P differently to any of its other customers. And so I don't require First Central to refund any premium to Ms P.

First Central said that it had caused Ms P trouble and upset when it didn't return her calls when she queried the refund. First Central paid Ms P £75 compensation for this. And I think that's fair and reasonable as it's in keeping with our published guidance for the impact of this poor service. I don't require First Central to do anything further.

### **My final decision**

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 8 April 2025.

Phillip Berechree  
**Ombudsman**