

The complaint

Mr C complains that Advantage Insurance Company Limited acted unfairly when it increased his insurance premium after the policy had started.

What happened

Mr C called Advantage to discuss his renewal in December 2023. His policy was due to renew in January 2024 and he was looking to understand the cost of the insurance for the new year after looking at quotes online. The agent Mr C spoke with took some details from Mr C and confirmed that his wife had an accident in 2020.

Later in the call, the agent asked Mr C if he or his wife had made any claims in the last 12 months. Mr C answered this with a 'no' and the quote was generated based on the other information provided. Mr C proceeded with the price offered and accepted the policy renewal and paid £563.65

After the policy had renewed, Advantage called Mr C and explained the agent who set up the insurance made a mistake and didn't record the information about Mr C's wife and her previous claim. As a result, it hadn't charged the correct premium for the policy, based on how it priced the risk. It paid £50 to apologies for this but said Mr C would need to pay the additional premium of £116.25. This figure increased to £133.57 when Advantage wrote to Mr C to tell him this needed to be paid.

Mr C didn't think it was fair he needed to pay this as he had made no mistake when he called Advantage to set the policy up. He acted in good faith and relied on what he was offered as being correct. He paid the difference as he didn't want to be without his insurance, and brought his complaint to this Service.

Our investigator looked at this complaint and didn't think it was fair for Advantage to charge Mr C an additional premium after it had agreed the price with him. He felt Mr C had made no mistake and to rely on him checking the policy documents after he had provided all of the correct information about the previous incident was unreasonable. He accepted the price offered when on the phone in December and paid this as accepted.

He asked Advantage to refund Mr C the additional premium it later asked him to pay as he didn't think it was fair to expect Mr C to pay for the mistake made by Advantage.

Advantage disagreed with the investigators view. It didn't think Mr C would have gone elsewhere had it offered the policy at the correct price initially and it hadn't been given any evidence of this. It felt it was fair to collect the additional premium for the renewal and highlighted it had also failed to recalculate the policy previously, not taking account of the claim it should have, so it felt Mr C had benefited at this point.

Our investigator's opinion remained that Advantage should refund Mr C the additional premium charged and the case was referred 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've decided to uphold this complaint, for much the same reasons as our investigator. I know Advantage will be disappointed by this, but I'll explain why it is fair and reasonable that it now refunds Mr C the additional premium it charged him.

When Mr C spoke with Advantage about his renewal, he was asked a number of questions by the call agent. Mr C answered this correctly and the agent noted there was a previous claim in relation to Mr C's wife's record. Mr C gave no incorrect information and there was no misrepresentation made at any point.

However, the agent failed to put in the correct information when calculating the premium and returned a price which Advantage has said did not include all of the relevant information and considerations to the risk it was taking on. Namely, the claim from Mr C's wife on her own policy was not noted and when the call agent asked about any previous claims, he only asked if any had been made in the last 12 months.

When the price was offered, it was clear Mr C was looking for the best deal possible and this was important to him. Whether he could have found a policy that met his needs cheaper elsewhere is not known. But, if presented with a higher price based on the relevant information Advantage should have priced on, I think he would have looked.

Instead, he reasonably relied on the price offered as being correct and I can understand why he held this belief. The price offered was not so low that any reasonable person might have assumed it was, too good to be true. And Mr C paid for the policy on the call in the belief it was the correct price based on him having provided correct information and this too is a fair belief.

It is unfair for Advantage to unilaterally increase this when it has identified it made an error when providing the quotes and the cover. It made the mistake when pricing the policy and it will need to bear the impact of this mistake by providing the cover it said it would for the price it offered it at. Whether it made a similar error the year before when it failed to record the claim properly at this point doesn't take away from this being the fair and reasonable approach it should be taking when it identified its error later.

It paid Mr C £50 to recognise its error could cause distress and inconvenience and I agree this is fair. But it has stopped short of putting things right as I would expect it to.

Putting things right

Advantage needs to refund Mr C the additional premium it charged him, in excess of the £563.65 he originally paid for his policy. This is based on what it charged him in January 2024 after it recalculated his policy when identifying its agent made a mistake.

It should include 8% simple interest on this refund from the date Mr C made the payment, until the date it has refund this back to him.

My final decision

For the reasons I've explained above, I uphold Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or

reject my decision before 14 March 2025.

Thomas Brissenden
Ombudsman