

The complaint

Mr O complains that he is being discriminated against by his motor insurer, Advantage Insurance Company Limited ('Advantage'), because of his nationality. He says this means that he is paying a higher premium for his policy than he should be.

What happened

Mr O has had a motor insurance policy with Advantage since April 2022. He said because he wasn't born in the UK and only started living here in 1993, he was quoted an extra £30 for his policy each year which is something he wasn't happy with. He said he ran quotes on the basis of being born in the UK and was quoted £30 less.

Mr O complained to Advantage who didn't uphold his complaint. It said the quote provided was not based on Mr O's nationality but on the length of his residency which is a risk factor its underwriters take into account to determine the price of its policies. It said if Mr O was born in the UK but lived abroad and came back this would still affect his quote.

Mr O brought his complaint to our organisation and said he believed this was racial discrimination based on his nationality. He said it wasn't due to any "risk factors" as stated by Advantage who provided no supporting evidence of these factors. Mr O added that he wanted a refund of £30 per year for the years he has been insured with Advantage plus £2,000 for racial discrimination and injury to feelings.

Mr O also said that the broker who sold him the policy who mainly sells Advantage policies was reported to the Equality and Human Rights Commission for racial discrimination. He also wanted Advantage to be fined and given an order to change its practices and train its staff accordingly.

One of our Investigators reviewed the complaint but didn't think that Advantage needed to take any action. Our Investigator said Advantage had provided us with confidential information to explain how Mr O's policy was priced which we couldn't share with him as it was business-sensitive. Our Investigator said he was satisfied that Mr O was treated the same as any other customer in the same circumstances.

Mr O didn't agree and asked to see the risk factors and data that was used to calculate his premium. He also asked for an Ombudsman's decision and said our organisation was potentially discriminating by not understanding Advantage's obligations under the Equality Act 2010 ('the Act'). He added that he was being grouped together with people who drive in left-hand drive countries or countries with a different standard of driving test, which amounted to discrimination against him.

The matter was then passed to me to decide.

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.

Insurers calculate premiums based on an assessment of the risk they are presented with. There are many different ways in making that assessment and each insurer tends to rely on its own data and criteria which is why prices vary between insurers.

It's not the role of this service to tell an insurer what criteria it should use when pricing an insurance policy or what loading/weighting to apply. Those are commercial, business decisions that each insurer is free to make. It's also not our role to fine a business or to ask it to change its practices. Those are matters for the regulator, the Financial Conduct Authority, to consider.

The role of this service is to deal with individual complaints and in doing so we can consider whether an insurer has acted fairly and reasonably when calculating the insurance premium for individual customers, given their individual circumstances.

Mr O says that he ran quotes based on him being a UK resident from birth as well as quotes where this wasn't the case. He says there was a £30 difference between the quotes. Advantage accepts that under its pricing criteria someone not being a UK resident from birth would likely increase the cost of their premium.

Mr O feels that what Advantage is doing amounts to discrimination based on his nationality and I can understand why he may feel that way. Advantage says this isn't the case and that even someone who was born in the UK may be impacted if they moved abroad and came back.

When considering whether Advantage has acted fairly and reasonably, I'm required to consider a number of things including relevant law. And as it's relevant to this complaint I have taken the Act into account. But it's not for our service to make any finding about whether Advantage has breached the Act, that's the role of the Courts.

Advantage has told us when assessing someone's risk rating, it considers many factors and length of residency is one of those. It's provided us with some of its underwriting criteria which shows the weighting it applies depending on how long someone has been a UK resident if not from birth. This is based on statistical data based on its own customers and policies which it says points to the fact that those who haven't been resident in the UK from birth are more likely to make a claim on their policy.

I have considered the information Advantage provided very carefully and I'm satisfied Mr O hasn't been treated differently to any other customer in the same position. Mr O feels that because Advantage knows his surname and the country which issued his driving licence this could have also led to it discriminating against him. I have considered this, but I don't think Mr O was singled out for these reasons. I think the reason he was charged more was due to the greater risk of a claim being made generally because he has not been a UK resident since birth. Furthermore, such practice isn't uncommon or unusual in the motor insurance

industry and this is a risk factor which insurers will likely want to take into account.

Mr O would, understandably, like to see the data and details of risk factors Advantage sought to rely on. The information Advantage has provided is confidential, business-sensitive information to explain how Mr O's premiums were calculated. Like our Investigator I am unable to share this with Mr O. As an organisation we are able to accept and consider confidential information without having to share it as long as we are satisfied that it is confidential and/or commercially sensitive. I am satisfied that this is the case here and that if this information were to be shared more widely it could give Advantage's competitors a commercial advantage over it.

All in all, I'm satisfied Advantage hasn't acted unfairly or unreasonably by charging Mr O a higher premium for the policy because he hasn't been resident in the UK from birth. And that this is a reasonable and proportionate response to the statistical risk that Mr O poses based on Advantage's claims data- which it is entitled to rely on when pricing Mr O's policies.

I know Mr O will be disappointed with my decision and I appreciate he feels very strongly that what Advantage is doing is unfair and against the law. But for the reasons I gave above, I think Advantage has acted fairly and reasonably in the circumstances and I am not asking it to issue Mr O with a refund or to pay him compensation.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 27 May 2025.

Anastasia Serdari
Ombudsman