

The complaint

Mr W complains that U K Insurance Limited (“UKI”) mishandled his motor insurance policy.

What happened

The subject matter of the insurance was a powerful hybrid electric vehicle, made by a premium-brand car-maker and first registered in 2019.

Mr W acquired the vehicle in 2022.

For the year from early December 2023, Mr W had the vehicle insured on a policy with UKI. The cost for the year was about £1,600.00.

Mr W didn’t inform UKI of any change of vehicle or any change of other details.

In November 2024, UKI sent Mr W a renewal letter saying that, for the year from early December 2024, the premium would be about £2,600.00.

Mr W complained to UKI that the increase was unfair.

By a final response dated 20 November 2024, UKI turned down the complaint. It said that it had offered a discounted renewal quote of about £2,450.00. UKI included the following:

“Our prices are reviewed each year to reflect changes in claims costs and current market conditions. We have numerous rating factors that are used to calculate your premium... The information regarding the way we price and underwrite our policies is commercially sensitive and this is why we cannot give you a more specific reason for renewal premium increase.”

Mr W brought his complaint to us without delay.

Our investigator didn’t recommend that the complaint should be upheld. He thought that any other customer in the same circumstances as Mr W wouldn’t be treated differently by UKI’s pricing model, so UKI hadn’t treated Mr W unfairly.

Mr W disagreed with the investigator’s opinion. He asked for an ombudsman to review the complaint. He says, in summary, that:

- There is inconsistency in how premiums are applied to different customers.
- At the time of renewal, UKI was offering discounts—but only when directly contacted.
- He was able to secure a significantly lower premium with a competitor likely using industry-standard methods to assess risk. This raises concerns about whether UKI’s pricing structure is disproportionately inflated beyond market trends.

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.

The Financial Conduct Authority regulates financial firms and sets the dispute resolution rules which bind the Financial Ombudsman Service.

We may investigate a complaint against a regulated firm. Where we uphold a complaint about an unfair act or omission, we look at the impact on the complainant consumer and we may direct the firm to take steps to put things right for that consumer.

Different insurers are likely to have different experiences of claims arising from particular circumstances. Moreover different insurers will have different predictions of what's likely to happen in the future and how best to respond.

Different insurers assess risk and set premiums in different ways at different times. Each insurer is entitled to make a commercial judgment about how it will do so.

We expect an insurer to show us how it has arrived at a renewal quote. We don't expect an insurer to share details with the consumer (or to allow us to do so).

In Mr W's case, UKI sought to increase the premium by a significant amount. When he questioned it, UKI applied a discount. UKI also explained in general terms the reasons for the proposed premium.

I've reviewed the more detailed information UKI has provided to us. I'm satisfied that UKI based its quote on correct information (including the model of the vehicle and where Mr W usually kept it).

I'm also satisfied that the factors applied are the same as would apply to any other policyholder in the same position as Mr W.

I don't conclude that UKI treated Mr W unfairly. I can't tell UKI it should've offered a lower premium.

In any event, (notwithstanding UKI's discount) Mr W has said that the outcome was that he accepted a lower quote from a competitor of UKI.

Overall I don't find it fair and reasonable to direct UKI to do any more in response to this complaint.

My final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct U K Insurance Limited to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 20 May 2025.

Christopher Gilbert

Ombudsman