

The complaint

Mr L complains that UK Insurance Limited (UKI) increased the premium for his car insurance policy following a claim he made.

What happened

In September 2023 Mr L's car insurance policy with UKI came up for renewal. The renewal quote price was £644.30, with a renewal letter saying he'd paid £308.48 the previous year.

Between the two renewals Mr L made a claim for an accident in May 2023, which UKI recorded as a 'fault' claim as it was unable to recover the claims cost from a third-party. But Mr L thought this was unfair as he had a protected No Claims Bonus (NCB).

Our Investigator didn't recommend the complaint be upheld. She thought UKI was entitled to assess risk and charge what it wished to cover these. She saw from UKI's pricing information that the premium at renewal had been correctly calculated. And she thought the policy information clearly explained that protected NCB wouldn't protect the price of cover. She thought a claim may lead to a premium increase. So, she said UKI hadn't acted unreasonably. Mr L rejected our Investigators findings and asked for 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.

It's important for me to explain it's not our role to tell an insurer how to price their policies or what factors they should consider when calculating risk. This is a legitimate exercise of its commercial discretion and not something we can consider. However, we need to make sure the insurer is applying a fair and consistent approach to all customers.

UKI explained to Mr L a claim recorded against the policy can impact the cost of cover the following year. And it has provided us with confidential business sensitive information to explain how Mr L's premiums were calculated. I can't share this with him, but I can assure him I've carefully considered this. And I'm satisfied that the 2023 renewal price Mr L was quoted with a fault claim recorded against the policy has been calculated correctly and I'm satisfied UKI have treated Mr L as they would other customers with similar circumstances.

I can understand that Mr L feels frustrated by the increase in his premium because he had a protected NCB. But NCB protection protects the level of discount given. It doesn't mean claims or losses won't be considered by UKI when calculating the base premium. And the policy documentation UKI sent Mr L explained this. Having looked at the information UKI has sent us, I can't see the claim recorded against the policy impacted Mr L's NCB or the discount he received from it when calculating the policy premium was reduced. All things considered, I'm not directing UKI to take any further action.

I note UKI has offered Mr L £100 in compensation for the way it handled his complaint. But this isn't something I can consider as part of this decision. That's because the complaint

handling issue in this case is separate to Mr L's complaint about the fairness of UKI's decision making when calculating the 2023 policy premium. As such, it's not a regulated activity and so isn't something I can consider within our rules. So, I won't comment on it further. But if Mr L wants to accept this offer, he'll need to contact UKI directly.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 2 May 2025.

Adam Travers
Ombudsman