

The complaint

Miss B complains that she didn't receive a fair reimbursement of her premium from AXA Insurance UK Plc ('AXA') after her claims history was updated on her car insurance policy.

What happened

In December 2023, Miss B took out a car insurance policy underwritten by AXA which started on 16 December 2023. The premium for this policy was £673.61. I'll subsequently call this 'Policy 1'.

After the policy was set up, AXA carried out validation checks, and it found a record on the Claims and Underwriting Exchange ('CUE') database showing Miss B had a claim open/unresolved which it thought contradicted information Miss B had given when the policy was set up that this was a closed non-fault claim.

AXA wrote to Miss B twice following this to say that her policy was at risk of being cancelled unless she logged in to her online account to update the information shared about the claim to ensure it matched what was recorded on CUE. However, because Miss B did not do so, AXA decided to cancel the policy.

Following the cancellation, Miss B took out a new policy with AXA in January 2024, which started on 9 January 2024 and had a premium of £1,493.94. I'll subsequently call this 'Policy 2'. I understand this policy was set up with the claim being disclosed as open and unresolved.

In July 2024 Miss B provided AXA with a document to show the claim was closed that month as a non-fault claim. In response, AXA updated its records and issued a refund of £273.44.

Miss B complained about this, as she was expecting to receive a refund in the region of £820.33 – to align with the total difference in premium between Policy 1 and Policy 2.

AXA provided a final response to this complaint in August 2024. In this final response, AXA said the refund it had issued of £273.44 was correct and the remaining difference in cost was due to Policy 2 being a new policy, subject to its own risk assessment and based on a new pricing model which reflected higher costs.

Our investigator didn't think the complaint should be upheld. He said he didn't think AXA had acted unfairly by cancelling Policy 1, and he thought the evidence AXA had provided showed it hadn't made an error in how it had calculated the premium refund.

Because Miss B didn't agree, the complaint was referred 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.

Having done so, while I understand Miss B will be disappointed, I've decided not to uphold this complaint. I'll explain why.

I've firstly considered if AXA acted unfairly by cancelling Policy 1. I've looked at the policy terms, and these say that AXA may cancel the policy if it's provided with inaccurate information when the policy is taken out, and that if it decides to cancel the policy it will provide a minimum of seven days' notice.

AXA says it wasn't given correct information about Miss B's claims history because Miss B said she had a closed non-fault claim when Policy 1 was taken out, but this didn't match the record on CUE which showed the claim was open and unresolved.

Miss B's representative (who I'll call 'Mr B') said Miss B wasn't at fault for the accident and the third party disputed liability, gave false information, and only later accepted fault for the accident one week before the dispute was due to go to court. I acknowledge this must have been frustrating, but the third party's actions and liability dispute were outside AXA's control.

Whether a motor claim is recorded on CUE as 'fault' or 'non-fault' isn't typically determined by the insurer or policyholder's opinion of who was responsible for the incident. Instead, it is usually based on whether the insurer has successfully recovered its costs from a third party. If recovery is made in full, the claim is usually classed as closed and non-fault. However, if no recovery is achieved, or is yet to be achieved, the claim will usually be classed as fault, and will also be classed as open and unresolved if the insurer is still pursuing the matter.

The email AXA initially sent to Miss B to request she update her details said the claim was recorded on CUE as open and unresolved. Since the claim wasn't closed as a non-fault incident until after AXA had cancelled Policy 1, I don't think AXA were wrong to say the information on CUE didn't align with Miss B's declaration at the time of taking out the policy that the claim was a closed, non-fault incident. So, I don't think it was unreasonable for AXA to have asked Miss B log in to her online account to update the details of the claim to match what was recorded on CUE.

Mr B said that it wasn't within Miss B's power to change what was recorded on the system and only the previous insurer could do this. I don't dispute that's true of CUE. But AXA didn't ask Miss B to change the record on CUE, it asked her to log in to her AXA online account and to change the details on there to match what was on CUE. And I've seen nothing to show that Miss B did that, or couldn't have done that, prior to the cancellation of Policy 1.

I've also considered if AXA followed a fair process in how it cancelled the policy. And I think that it did. It gave Miss B a reasonable amount of notice that it was intending to cancel the policy and provided her with reasonably clear advice on what she'd need to do to avoid this cancellation. Given the adverse effect that a cancellation can have on a consumer, it's good practice that an insurer should use more than one method of communication to provide notice of its intent to cancel. I'm satisfied AXA did this as it's shown it sent Miss B a letter and emails providing notification of its intention to cancel the policy.

So, I think based on these points AXA didn't cancel the Policy 1 for unfair reasons and didn't follow an unfair process in how it cancelled this policy.

I've next considered if the refund AXA issued was fair after it amended the claims history on Policy 2 once it received confirmation the claim had been closed as non-fault.

I acknowledge there was a significant difference in premium between Policy 1 and Policy 2. Miss B may have believed this was because Policy 1 was underwritten with the previous insurer's claim recorded as non-fault, while Policy 2 was rated with it as an open fault claim. She may have expected the premium for Policy 2 to align more closely with that of Policy 1 once the claim was updated to a closed non-fault incident. However, while AXA said it did state a refund would be issued if the claim was reclassified as non-fault, it said it did not advise that the refund would equal the full difference in premium between the two policies. And I have not seen further evidence showing that such an expectation was set by AXA.

Policy 1 and Policy 2 were separate policies which were taken out at different times, and each subject to their own risk assessment at the time they were taken out.

AXA has provided confidential business sensitive information showing how it determined the premium for Policy 2. I can't share this with Miss B due to its commercially sensitive nature, but I would like to assure her I've considered it carefully.

AXA said its prices had changed between Miss B taking out the two policies and it takes into account many different factors when calculating the premium. And if costs are higher. This would be reflected in the premium.

I appreciate that there wasn't a large amount of time between Miss B taking out the first policy, and the second policy. But AXA said that the two premiums were based on different pricing models. This isn't unusual, insurers regularly update how they assess risk and are entitled to do this. So, although there may not have been a large gap in time between the two policies being taken out, an updated pricing model which reappraised rating factors, general trends, and costs, being implement after the first policy was taken out will have had an influence on the premium for any new policy subsequently taken out regardless of whether Miss B's individual circumstances had changed.

AXA issued a refund of £273.44 after the claim was updated from an open fault claim to a closed non-fault claim. However, the change in claim status was only one of several factors influencing the premium. Ultimately, the second policy was a new policy, assessed independently based on the risk profile and pricing model in place at the time it was taken out. Based on the evidence, I don't consider the lower than expected refund to be the result of an error by AXA. Instead, I think regardless of the claim status the cost of the second policy would still have been higher due to general price increases and changes in the underwriting model between the two policy start dates.

Accordingly, I don't find that there is any further refund which AXA needs to issue to Miss B to reflect the update in the claim status to a closed non-fault incident.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 5 June 2025.

Daniel Tinkler
Ombudsman