

## **The complaint**

Mrs E complains about Premier Insurance Company Limited (Premier) charging an additional premium for a non-fault claim recorded against her motor insurance policy.

Any reference to Premier in this decision includes their agents.

This decision covers the actions of Premier as the insurer of Mrs E's policy, who took the decision to charge an additional premium. It doesn't cover the actions of the broker (S) through which Mrs E took out her policy. References to S are included in this decision to provide context for what happened. The decision also doesn't cover the actions of the insurer (A) of Mrs E's policy at the time of the claim. When Mrs E renewed her policy shortly after the accident, the insurer changed from A to Premier.

## **What happened**

In March 2024, Mrs E was a passenger in a vehicle being driven by her husband (a named driver) when there was a collision with another vehicle. From the description in a statement to the police, the other vehicle came round a bend but failed to turn and collided with the rear offside of her vehicle, spinning her vehicle around and causing significant damage. Mrs E said the other driver told her he must have either fallen asleep or had a blackout.

Mrs E told her then insurer of her policy (A) about the accident. A recorded the claim (to them) as notification only. Mrs E then renewed her policy, through her broker (S), with Premier becoming the new insurer. The policy renewed at the end of March 2024, coming into effect in April 2024. The policy premium was £659.10 (including a service charge of £40 from S). However, the Statement of Fact document issued as part of the policy documents didn't include the claim (accident) in March 2024 (it only included an earlier claim in respect of the named driver in 2019).

When Premier completed checks on the policy in April 2024, they identified details of the claim in respect of the accident in March 2024, recorded on the Claims Underwriting Exchange (CUE) database. But Mrs E hadn't declared the claim when taking out her new policy, as she was clear she wasn't at fault. Premier calculated an additional premium of £57.59 due to the claim being added to the policy. They contacted Mrs E (through S) in June 2024 to say the additional premium was due, otherwise the policy would be cancelled. Mrs E spoke to S, telling them she wasn't aware she needed to declare the incident (as she wasn't at fault). S told her she needed to declare any claims or incidents – relating to her or any named driver – needed to be declared. Mrs E reluctantly paid the additional £57.59 to ensure the policy continued. Premier issued updated policy documents, including a Statement of Fact that included the March 2024 claim.

Unhappy at having to pay an additional £57.59 Mrs E complained to Premier (June 2024). She was also unhappy at being told her policy would be void if she didn't pay the additional £57.59 – then receiving a letter saying the policy was void, even after paying the additional premium. She wanted Premier to refund the £57.59 and amend their records to show she wasn't at fault for the accident.

Premier didn't uphold the complaint. In their final response issued in July 2024, they referred to the requirement to notify any claim or incident, within the previous five years. When they became aware of the claim recorded on CUE, they calculated the additional premium of £57.59. So, they'd acted correctly when they became aware of the claim recorded.

Mrs E then complained to this Service, unhappy at Premier's final response. She didn't think it was fair to have to pay the additional £57.59 in respect of the policy, given she wasn't at fault for the accident. She wanted Premier to refund the £57.59.

Our investigator didn't uphold the complaint, concluding Premier didn't need to take any action. While the policy automatically renewed through S, it was a new policy for Premier as the insurer, as the insurer had previously been A. S sent a renewal invitation to Mrs E in March 2024, including a Statement of Fact which included information upon which the policy was based. Premier used this information to calculate the renewal premium. The investigator noted the Statement of Fact included a 'Claim Details' section providing details of any claims or losses in the last five years (irrespective of blame or whether a claim resulted). While the Statement of Fact included the earlier 2019 claim it didn't include the March 2024 claim.

Mrs E hadn't told S or Premier about the claim, so the investigator concluded Mrs E hadn't taken reasonable care to provide details of the claim. Premier provided underwriting information which showed had they been aware of the claim, this would have increased the premium due under the policy. As the policy terms were affected, this meant Mrs E had made a qualifying misrepresentation under the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). While Mrs E wasn't to blame for the accident, a non-fault incident could impact the cost of cover, so Premier's actions in charging an additional premium weren't unusual or outside insurance industry practice. The additional premium wasn't – as Mrs E considered it – a 'fine' for not disclosing the incident. Nor had Mrs E been treated any differently than any other consumer would have been in the same circumstances. The investigator didn't think Mrs E had knowingly withheld information about the incident, so thought the misrepresentation was careless.

In those circumstances, Premier were entitled to ask for an additional premium, or to cancel the policy if the additional premium wasn't paid. So, the investigator concluded Premier hadn't acted unfairly/

Mrs E disagreed with the investigator's view and asked that an ombudsman review the complaint. She didn't think it right she should be charged an additional premium for claim in respect of an accident for which she wasn't to blame and would have avoided had it been possible to do so. And she was told her policy would be voided if she didn't pay the additional premium, leaving her with little choice but to pay the additional sum.

### **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.

My role here is to decide whether Premier have acted fairly towards Mrs E.

The key issue in Mrs E's complaint is whether Premier acted fairly and reasonably in charging an additional premium when they became aware of the March 2024 accident, which A had recorded on the CUE. Mrs E says it was unfair as she wasn't at fault for the accident. Being charged an additional premium (and being told her policy would be voided if she didn't) meant she was being punished for something for which she was entirely blameless. Premier say they applied their underwriting criteria to reflect the incident in the additional premium. And Mrs E was required to declare any claims or incidents, regardless of fault.

In considering the complaint, I'd first want to acknowledge the circumstances of the accident as they have been described by Mrs E. I appreciate that having another vehicle come round a bend and collide with her vehicle in the way it did would have been very traumatic, despite the named driver taking avoiding action to reduce the severity of the impact. It's clear the accident wasn't her fault in any way, reflected in A recording the incident as 'notification only' (or non-fault).

Mrs E believes that as the accident wasn't her fault, then she didn't need to declare it (to S or to Premier). While I appreciate this is how she sees it, it isn't what she was required to do under the terms of the policy. Looking at the renewal invitation issued towards the end of March 2024 (by S) it includes a Statement of Fact document, which is preceded by the following statement:

***Important Information***

*This statement of fact details the answers supplied by you to our questions which we use to determine whether to offer you a policy and your premium, and should be read alongside your policy wording, schedule and certificate of insurance.*

*If any information contained within this statement of fact is incorrect or not true to the best of your knowledge or belief, or you are unsure, please contact S as soon as possible as this could affect your insurance cover and the terms we offer. If any of the information is incorrect we may take one or more of the following actions:*

- *Cancel your policy;*
- *Declare your policy void (treating your policy as if it never existed);*
- *Change the terms of your policy;*
- *Refuse to deal with all or part of any claim or reduce the amount of any claim payment."*

I think this makes it clear that any incorrect information could lead to Premier either cancelling or voiding the policy or (as a change to the terms of the policy) an additional premium being due.

The Statement of Fact document that follows then includes the following information under a heading "*Claims Details (All drivers)*" which includes the statement:

*"Details of any claims or losses (irrespective of blame and whether a claim resulted) which you or any other person who will drive have been involved in within the last 5 years."*

Again, I think this requirement is clear, that all claims (including incidents) need to be declared even if – as in this case – there wasn't a claim made against the policy or whether there was no blame.

The Statement of Fact table that follows only includes the previous claim in 2019, not the incident (accident) in March 2024. So, in not declaring the accident – or correcting its omission from the Renewal Statement of Fact, Mrs E provided incorrect (incomplete) information about her circumstances.

I've then considered whether this constitutes, under CIDRA, a misrepresentation. When Premier became aware of the incident, from the entry made by A on the CUE, they applied their underwriting criteria to the policy when the claim details were added. I've seen the

underwriting criteria provided by Premier, indicating the additional claim – even though notification only (or non-fault) – increased the loading factor applicable to claims, which in turn meant an additional premium due of £57.59. That is, the re-calculated policy premium had Premier been aware of the claim when the policy came up for renewal.

This means Premier would still offer cover with the claim added to the policy, but the terms under which they were prepared to offer cover had changed, by the amount of the additional premium. So, I've concluded this made the omission a qualifying misrepresentation under CIDRA. But I accept Mrs E genuinely thought she didn't need to declare the accident because she wasn't at fault. So, I think it fair to consider careless – rather than deliberate or reckless. While Premier would have been entitled to cancel the policy, they instead charged an additional premium.

And while Mrs E feels she was forced to pay the additional premium because she would otherwise have had the policy cancelled, this wasn't unreasonable by Premier. Having calculated a revised (additional) premium given their reassessment of the risk presented by Mrs E, then they were offering the policy on amended terms. Had Mrs E declined to pay the additional premium then Premier would have been entitled to conclude she wasn't prepared to accept the policy on those terms, so they wouldn't be obliged to provide cover, so would cancel the policy.

Mrs E says it's unfair that she has been penalised for an accident that was in no way her fault. While I appreciate her view, it's a commercial decision for insurers about what information they use to assess risk when offering cover. It's common practice for insurers to include all claims and incidents – including ones that don't actually result in a claim against the policy or ones where the policyholder isn't at fault – not just claims that are considered to be fault. This isn't meant to be a 'punishment' for the incident itself (or not declaring it) but reflects insurers' experience of claims and risk. It's common for insurers to take the view that non-fault claims are, from their claims data and experience, likely to increase the risk of future claims. Again that's a commercial decision for an insurer and I can't say that it's unfair or unreasonable.

There's also no indication Premier treated Mrs E any differently because of the additional claim than they would any other policyholder in the same circumstances, so I can't conclude they have acted unfairly or unreasonably in this respect.

And while it isn't the case here, were the March 2024 claim have been held to be a fault claim against Mrs E, I think it likely the additional premium from Premier would have been even higher, possibly significantly so.

Taking these conclusions into account, I can't conclude Premier have acted unfairly or unreasonably, so I won't be asking them to take any further action.

### **My final decision**

For the reasons set out above, my final decision is that I don't uphold Mrs E's complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 26 May 2025.

Paul King  
**Ombudsman**