

The complaint

Mr H and Mrs H complain about an additional premium charged by Tesco Underwriting Limited ("Tesco") after they made an amendment to their motor insurance policy.

Mr H has acted as the main representative during the complaint process. So, for ease of reference, I will refer to any actions taken, or comments made, by either Mr H or Mrs H as "Mr H" throughout the decision.

What happened

Mr H is a named driver on Mrs H's policy. Mr H says he received a fine and points on his licence for a driving offence. Mr H notified Tesco, and this led to an additional premium of £163.09. Mr H believed this was unfair, so he complained.

Tesco responded and explained Mr H contacted them as he'd noticed the policy documents didn't show an SP30 conviction. Tesco said they took details and recorded this against Mrs H's policy, and this then led to an additional premium of £163.09. Tesco said when a change is made to a policy an underwriter will consider several factors to assess risk – and in this case they were satisfied they'd fairly assessed the risk and the additional premium was calculated correctly. Tesco acknowledged that Mr H had asked for a breakdown of how the additional premium had been calculated. They said they'd used various rating factors to determine the premium based on a risk assessment, but they couldn't disclose this to Mr H as it was commercially sensitive information.

Our investigator looked into things for Mr H and Mrs H. He thought Tesco hadn't treated them unfairly in charging an additional premium. Mr H and Mrs H disagreed so the matter has come to me for a 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.

Having done so, I've decided not to uphold the complaint. I understand Mr H and Mrs H will be disappointed by this but I'll explain why I have made this decision.

The role of this service when looking at complaints about insurance pricing isn't to tell a business what they should charge or to determine a price for the insurance they offer. This is a commercial judgement and for them to decide.

But we can look to see whether we agree a consumer has been treated fairly – so is there anything which demonstrates they've been treated differently or less favourably. If we think someone has been treated unfairly, we can set out what we think is right to address this unfairness.

Following Mr H reporting the driving offence to Tesco, an additional premium of £163.09 was charged. Tesco have provided me with confidential business sensitive information to explain how the additional premium was calculated and what specific factors were taken into

account. I'm afraid I can't share this with Mr H because it's commercially sensitive, but I've checked it carefully. And I'm satisfied the additional premium he was charged has been calculated correctly and fairly and I've seen no evidence that other Tesco customers in Mr H's position will have been treated any differently.

I acknowledge Mr H feels the level of the additional premium is unfair, and he believes an increase in the region of 3%-5% would be more realistic and reasonable. I do acknowledge why this has concerned Mr H, but it's for a business to decide what risks they're prepared to cover and how much weight to attach to those risks - different insurers will apply different factors. That's not to say an insurer charging an additional premium has made an error compared to an insurer who doesn't – but rather, it reflects the different approach they've decided to take to risk. In this case, I've seen the specific rating which has been impacted by the driving offence – and why an additional loading has been applied. And I'm satisfied this does relate to the presentation of risk for the cover being provided by Tesco. I think it's also important for me to mention, it's not unusual or uncommon for a driving offence to lead to an increase in premium. And while I acknowledge Mr H doesn't appear to be disputing the increase in principle - more rather the level of the increase - the information I've seen shows Tesco have fairly applied their pricing and risk model to the change of details here.

I do appreciate Mr H wants to know more detail around what specific factors have led to the additional premium and he was left frustrated at not receiving a clear explanation and breakdown for this. Pricing is an area where the information which sits behind an insurer's explanation will often be commercially sensitive. So, I don't think Tesco have acted unreasonably in not providing Mr H with details of the specific ratings and loadings used to calculate the price increase.

I wish to reassure Mr H I've read and considered everything he has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

My final decision

For the reasons I have given, it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 30 May 2025.

Paviter Dhaddy
Ombudsman