

The complaint

Miss R complained that Watford Insurance Company Europe Ltd wouldn't change her car on her motor insurance policy.

What happened

A few months after she took out a policy with Watford, Miss R changed her car and asked Watford to transfer her car insurance under the same policy to that new car. Watford refused because her new car didn't meet their underwriting criteria, and they cancelled her policy on her old car. Miss R was at first charged cancellation and other policy fees, but Watford and her broker have since waived these as goodwill gestures.

Miss R remained unhappy. She said that because Watford wouldn't insure her new car under the same policy, she had to find new insurance and take out an additional credit agreement urgently at short notice. She wanted Watford to compensate her for the distress and financial and administrative inconvenience she said this caused her.

The investigator didn't recommend that the complaint should be upheld. She thought that Watford hadn't acted unfairly. Miss R didn't agree and so I've been asked 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.

Watford said they wouldn't insure her new car on the policy because its value was more than a specific amount stated in their underwriting criteria, and it had an increased propensity for theft. They also said that their risk appetite had changed since Miss R took out the policy on her original car.

Miss R accepted that insurers have a right to accept or decline a policy amendment. But she thought that Watford had been unreasonable or inconsistent about their refusal to change the car on her policy because her original car was worth about £30,000. That was more than Watford's underwriting criteria stated value, but they'd insured that car.

Her new car's value was about £44,000. Miss R felt that even though that was more than her old car's value, the increase wasn't significant enough to fall outside Watford's risk appetite. She also thought that if Watford's risk appetite had changed in the few months since she took out the policy, they should have told policyholders.

She also didn't agree that the new car was more at risk of theft than her original car. She showed us information from an insurance price comparison website giving both cars' respective likelihood of theft, based on number of theft claims over a stated period. Overall she didn't think the risk of insuring her new car was materially different. In her view Watford had acted unfairly because they refused the change without reasonable effort to accommodate her, and didn't make any goodwill gesture other than waiving fees.

She also complained that Watford didn't communicate their decision to refuse to insure her new car clearly or in a timely way. She thought their theft propensity reason was too vague, and that they should have given a specific reason about the new car's theft risk profile and provided evidence or actuarial data to justify their change in approach.

She thought that it was confusing for there to be different business entities involved in her insurance, and felt she'd been put in the middle of their differing opinions. It's common for there to be different businesses involved in the car insurance process. I can see that Miss R's broker, and the policy administrator on Watford's behalf, have been involved in explaining things to her to try to clarify matters. However her policy documents make it clear that she was insured with Watford. It is they who decide whether or not they will change her insurance and so I'm concerned here with Watford's actions.

I've looked at Miss R's policy and see that, as the investigator has explained, the policy conditions section 18 lists changes which Miss R must tell Watford about. This includes a change of car. It states "*Any changes to Your Policy will be subject to Our agreement and may not be acceptable.*" That's a common clause in such policies and we don't think it's unreasonable.

Insurers assess risk by considering a number of factors including the perceived risk offered by a policyholder, their vehicle, and their circumstances. This is normal practice in the insurance industry. We won't usually make any judgements about the way insurers choose to assess risk, or the risk assessments they make. Insurers can choose what information to consider in their assessment and what risk they want to take. The factors they consider in doing so, and the weight they place on those factors, is their choice, and it's not our role to question those. It's at their discretion to decide if that risk is acceptable to them, for example if there is higher risk of claims due to increased risk of theft. Those risk assessment factors and the detail behind them, including data or calculations, are commercially sensitive information, so insurers aren't required to disclose them. It follows that Watford aren't obliged to provide policyholders with evidence or actuarial data to justify their approach or explain their background actuarial detail.

On a car insurance policy a change of the car insured is a fundamental change in the risk to the insurer. Watford, via the policy administrator, explained that they look at the underwriting criteria of car value and theft propensity in conjunction, not in isolation. Miss R's new car was worth around 50% more than her old car, which is a significant change. Miss R has shown us information from an insurance comparison website which she says contradicts the theft risk for her new car, but the source and veracity of that information isn't known. And in any event, the existence of conflicting information from a different organisation doesn't mean Watford can't rely on their own information. As I've said above, an insurer can choose what information to consider in their assessment and what weight to put on it, in conjunction with multiple factors. And it's not for this Service to decide that was wrong. Miss R may think the risk posed by her new car was not materially higher, but that decision is one for Watford.

Neither is it the administrator's decision. So even if Miss R's administrator thought that the underwriter could reasonably have agreed her car change as a gesture of goodwill because her original car's value was over the underwriting criteria's stated value, that still doesn't make Watford's underwriting decision unreasonable at that time. And it's not this Service's role to tell an insurer how they should have exercised their discretion. Insurers constantly update how they rate the risk of consumers, and their rates continually change. So they can decide that they will accept one level of risk at one point then decide differently at the next. Watford are not required to explain such changes to their risk appetite to consumers or give consumers warning of that.

I think that the administrator was also able to explain that the decision was reached following the insurer's underwriting guidelines and also explained the underwriter's risk assessment factors and process to Miss R as far as they could, given the commercial sensitivity. I think this was reasonable of them. Watford have also shown us their underwriting guidelines, and they confirm the reasons and information they gave Miss R. So I can't say their process was unfair.

Miss R said that Watford's actions meant that her premiums were higher than they would have been if she'd bought her insurance in advance, and she'd had to pay a new deposit and set up a new installment payment credit account again in a short period of time. She said that Watford's actions deprived her of the ability to shop around or budget adequately and caused her distress. However arranging insurance at short notice doesn't necessarily mean that any premium will be higher.

I do appreciate that this situation happened at a time when Miss R was pregnant, and it must have been inconvenient for her to have to seek and set up new alternative insurance when she wasn't expecting to have to do that. But as I've explained above, I don't think that was Watford's fault. They didn't set that expectation, as the policy was clear that they wouldn't necessarily accept a change of car.

Taking everything into account, I'm satisfied that Watford weren't required to agree to change Miss R's car under her policy and did not act unreasonably in declining to insure her new car under it. They also communicated their reasons for doing so clearly and fairly enough and so I don't think they've done anything wrong. This means that I don't ask them to do anything else.

My final decision

For the reasons I've given above, I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 21 August 2025.



Rosslyn Scott
Ombudsman