DRN-5623836

The complaint

Mr P complains that The National Farmers' Union Mutual Insurance Society Limited ('NFU') increased his motor insurance renewal price unfairly.

What happened

Mr P held a motor insurance policy underwritten by NFU which covered two vehicles. The policy was due to renew in March 2025 and Mr P was sent a renewal invite which gave a total insurance premium; and then provided a breakdown between the two vehicles. Vehicle A was quoted at £1,051.27 and vehicle B was quoted at £334.93.

Mr P contacted NFU to amend his cover to only insure vehicle A. But when NFU made this change, they said the premium would now be £1,130.25 for vehicle A. They said this was because removing vehicle B from cover also meant a multi-vehicle discount was removed. Mr P felt this was unfair – he said it wasn't acceptable for insurer to issue a written renewal offer for a premium amount incorporating an undisclosed conditional discount – which wasn't detailed in any of his policy documentation - and then quote an increased figure when he accepted the offer and confirmed renewal. Mr P raised a complaint to NFU setting out his concerns.

NFU considered the complaint but didn't uphold it. They said they were not able to offer Mr P a renewal at the original price quoted as this was part of a multi-vehicle discount that applied. And when vehicle B was removed from cover; the discount was also removed. NFU also outlined that their risk rating factors had increased in the time between the two quotes, which accounted for the increased price.

Mr P remained unhappy with NFU's response – so, he brought it to this Service. An Investigator looked at what had happened but didn't recommend that the complaint should be upheld. He said NFU had acted fairly and that the increase of premium was correct and in line with the underwriting criteria NFU had provided.

Mr P didn't agree with the Investigator's outcome. He said the multi-vehicle discount was not communicated to him and details of it didn't appear in any of his policy documentation, which he said made it unknowable and undiscoverable. He said the renewal invite from NFU had been made to him and he'd accepted it; so, it wasn't fair or reasonable for NFU to issue a written renewal offer for a premium amount incorporating an undisclosed conditional discount and then quote a different figure after the offer was accepted.

Mr P asked for an Ombudsman to consider the complaint – so, it's been passed 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.

The crux of this complaint comes down to the difference in price between the two policies. Mr P maintains that it is unfair for NFU to provide a quote for one price, and then change this after he accepted it based on terms he hadn't been provided. He's explained that NFU's multi-vehicle discount was not communicated to him and details of it didn't appear in any of his policy documentation.

As the Investigator has previously set out, it's not this Service's role to dictate to an insurer what they should charge customers for an insurance policy. This is a decision for them to make based on established underwriting criteria. So, the price they charge, and the methods used to calculate premiums, are a commercial decision for them to make. A wide range of factors are considered, and each insurer will have their own approach and appetite for taking on risk.

I do appreciate Mr P's concerns over an increase in his premiums and that he's said this is not outlined in his policy documentation. But we wouldn't expect an insurer to provide details of their underwriting criteria within policy documents they issue to their customers – given this is commercially sensitive information.

I've also considered Mr P's submission that he accepted NFU's renewal offer – so it would be unfair for them to change this after the fact. But I don't agree with this conclusion. Mr P was presented with a renewal quote to insure two vehicles. But importantly, at the point that Mr P removed one of the vehicles from cover, this fundamentally changed the terms of the insurance contract.

So, I don't agree that he accepted this offer. His request to only insure one vehicle would in turn would create a new policy of insurance – and this is why NFU then re-ran their pricing exercise to rate the risk and provide a quote on that single vehicle instead. And at this point, if Mr P remained unhappy with the price quoted – he would have been free to approach other insurers on the market to obtain alternative prices.

I appreciate Mr P has said he has not complained about NFU's pricing structure – but in order to consider all aspects of this complaint, I will briefly comment on this. NFU has provided their underwriting information to show how they calculated Mr P's renewal premium. I've considered it carefully and I'm satisfied it shows an established process when calculating Mr P's premium which would result in an increase when removing the second vehicle. And I'm satisfied it has been done in a way which is consistent with other customers generally. I therefore can't reasonably conclude that NFU applied their pricing strategy in an unfair way.

It follows that, I don't find that NFU acted unfairly when applying their pricing structure to his most recent renewal, given the changes he made. While I recognise this is not the answer Mr P had hoped for, I hope my decision explains why I have reached the conclusion that I have.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.
Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 30 September 2025.

Stephen Howard
Ombudsman