

The complaint

Mr R complains Motors Insurance Company Limited ("Motors Insurance") unfairly increased the price of his motor warranty policy after it had sent the renewal offer to him. He's also said it failed to give him the correct referral rights to our service after he complained. All references to Motors Insurance include its agents.

What happened

Mr R held a motor warranty policy and around September 2024, he was sent a renewal offer. Neither party has confirmed the exact date. Mr R says the cost of renewing the policy at that time was £979. He says whilst he planned to renew the policy, due to his personal circumstances at the time, he decided to wait a little while before doing so.

Around the beginning of October 2024, Mr R says he checked the renewal price again and it had increased to £1259. He says he contacted Motors Insurance to see if it could honour the original offer but it said it couldn't. So Mr R made a complaint. He didn't think Motors Insurance was meeting its consumer duty to promote good customer outcomes.

In its response Motors Insurance said it was more costly for it to provide insurance. It pointed out that the renewal offer said the price was subject to change and it was just unfortunate that it reviewed – and increased – its prices just after sending Mr R the offer.

Mr R wasn't happy with Motors Insurance's response. So he complained to our service. He also highlighted that Motors Insurance's initial response didn't direct him to escalate his complaint to our service but instead it referred him to the Motor Ombudsman.

Motors Insurance explained it didn't have the exact copies of the letters it sent to Mr R offering to renew his policy. But it's given us templates of three letters. Two of the letters show the renewal price as part of the offer and the third letter doesn't show the price of the renewal. Motors Insurance hasn't confirmed which of the first two letters it sent to Mr R with the price. It says the third letter which doesn't show the price was sent around 20 September 2024.

Motors Insurance said an email was sent to Mr R inviting him to renew the policy. But its system shows the email didn't reach Mr R's mailbox as it was returned. It has also sent us a screenshot of its online login page which Mr R would've visited to renew his policy. It says the link to the page was included in the email and the letters.

Our Investigator didn't uphold Mr R's complaint. She thought Motors Insurance had made it sufficiently clear that the price of the policy could change and it gave him the information about his renewal with enough time before it was due to make an informed choice. The Investigator also thought Motors Insurance had made an error when it referred Mr R to the Motor Ombudsman but she didn't think he'd lost out. Mr R didn't accept our Investigator's opinion, he maintained that the price of renewing his policy shouldn't change after the offer is sent. As the complaint wasn't resolved at that stage, it was passed to me to decide.

I issued a provisional decision in June 2025. I've copied what I said below:

'I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Based on what I've seen so far, I'm planning to uphold this complaint in part. I'll explain why.'

Price increase

The crux of the matter in this case isn't whether the price set for Mr R's policy was fair – that's not what I'm considering here. Instead, Mr R's complaint is that Motors Insurance changed the price of the policy after offering it to him. Considering how insurers set the price of their policies and the number of factors they take into account, I don't think it's unusual for prices to change, and it can do so regularly. So I don't currently think it was unreasonable for Motors Insurance to manage its price – although I appreciate the timing was unfortunate.

Motors Insurance has said it changed the price due to the general cost of providing insurance increasing. Considering the reason for the increase and the short amount of time it happened within, I currently think Motors Insurance should've been aware the price could change in the timeframe Mr R had to renew his policy. And I think it's reasonable to expect it would've made it clearer to Mr R that this could happen and the price isn't guaranteed.

Motors Insurance has sent us two template versions of its renewal letters with the prices displayed. It's not been able to give us a copy of the letter it actually sent him and it hasn't told us which of the templates was sent to Mr R. So I've considered them both. Both letters show the price of renewal and they both contain small print which says, 'All prices are correct at the time of printing and include IPT and subject to change'.

On one letter, this small print is shown at the bottom of the page, under where the price is displayed. On the other, it is shown in a separate section under details about the customer's renewal, the date their policy will end, how much they'd previously paid and how to renew.

Motors Insurance has said it changed the format of these letters and sent the new one to Mr R around 20 September 2024. This letter didn't display the renewal price and it explains in the body of the letter that the price is subject to change. Motors Insurance has said it considers this letter clearly showed that the price could change.

Motors Insurance thinks these letters made it sufficiently clear to Mr R that the price of his policy might change. But, based on what I've seen so far in this case, I don't agree. It seems to me it was very likely the price would change within the timeframe Mr R had to renew his policy, considering the reasons Motors Insurance has given for the increase. So I think Motors Insurance should've made it clearer to Mr R that the price wasn't guaranteed. And I think it's plausible that's why it changed the content of its renewal letters shortly afterwards.

Motors Insurance has given us a copy of the email it says was sent to Mr R and a screenshot of the online log-in page. It says these also highlighted the price could change. But it accepts Mr R didn't receive the email. And I think it's reasonable to assume Mr R would've only visited the log-in page when he was ready to renew the policy, by which point the price had already changed. So those documents don't change anything here.

Mr R's told our service he would've taken out the policy earlier if he'd known it might change. But he's also explained to us he delayed taking it out because of his circumstances at the time meant he wouldn't have been able to without taking out borrowing to do so. Instead, he waited until a time when it was more affordable for him. So based on what I've seen, I can't say it's more likely Mr R would've taken the policy earlier at the lower price even if Motors Insurance had made things clearer. So I don't think it would be fair to direct Motors Insurance to honour the original renewal price.

At the moment, I'm persuaded Mr R would've been very disappointed that the price had changed without warning, particularly considering what he's told us about his circumstances at the time. So I think this would've caused him distress when Motors Insurance could've managed his expectations better. To put things right, I think Motors Insurance should pay Mr R £150 to make up for the upset caused by the price changing without sufficient warning.

Mr R has referred to the Consumer Duty. I agree that Motors Insurance has a duty to ensure he had all the information he needed to make informed decisions and, for the reasons I've already given, I don't think it did so here. But as I don't think Mr R would've acted differently even if it had done so, I'm satisfied the outcome I've reached is fair in this case.'

I asked both parties to make any further comments before the deadline set for me to consider before reaching a final decision. Mr R said he had no further comments to make. But he did question, in summary, whether it's acceptable practice for businesses to adjust the renewal price after issuing a quote. Motors Insurance accepted my provisional decision and contacted Mr R to make the payment I'd set out.

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.

I've looked at the individual circumstances of this complaint when reviewing it, and I can't comment generally on whether businesses can adjust the renewal price after issuing a quote. But in this case, for the reasons set out in my provisional decision, I don't think Motors Insurance has treated Mr R fairly.

Having considered the responses I've received, I see no reason to change the conclusions I reached in my provisional decision and I uphold this complaint. If it hasn't done so already, Motors Insurance should put things right by paying Mr R £150 to make up for the upset caused by the price changing without sufficient warning.

My final decision

I uphold Mr R's complaint against Motors Insurance Company Limited. It should pay Mr R compensation in line with what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 15 July 2025.

Nadya Neve
Ombudsman