

The complaint

Ms S complains about One Insurance Limited (One) not refunding an additional premium she paid for her motor insurance policy at renewal for an accident she hadn't reported. Ms S withdrew her claim, arranging to repair her vehicle, but One still charged the additional premium. Ms S wants the additional premium refunded.

References to One in this decision include their agents.

This decision covers Ms S's complaint to this Service in February 2025, about the additional premium charged for her policy. As the premium was determined by One as the insurer of the policy, that is the business covered by this decision. It doesn't cover the broker through which the policy was arranged (O) which is a separate business to One (as the insurer). Reference to O is made in this decision to clarify what happened in this case.

What happened

Ms S had a motor insurance policy with One which came up for renewal in December 2024, to take effect in January 2025. She renewed the policy without any changes but was subsequently told she'd need to pay an additional premium of £110.68 because she hadn't told One about an accident she'd had shortly after she renewed the policy. She said she hadn't reported the accident at the time because her intention was to resolve the matter privately. However, the third party, who Ms S believed caused the accident, changed their mind, leading to Ms S telling O (as the broker) about the incident and making a claim.

When she was told she'd have to pay the additional premium, Ms S's partner was able to make a repair that removed most of the dent caused by the accident. So, Ms S decided not to pursue a claim and contacted O to tell them know of her change of mind. However, One said she still had to pay the additional £110.68 as the incident had still occurred. And her policy would be cancelled if she didn't pay the additional premium.

Ms S didn't think this was fair as she'd decided not to make a claim, so she complained. She was then contacted by One, who said the matter had now been resolved and she didn't have to pay the additional £110.68. The claim would have to remain open for six months in case the third party made a claim, which would mean the matter would have to be reviewed. Ms S said she was also told that if there was no claim she wouldn't have to disclose the incident to future insurers.

However, when O, in the first instance, responded to her complaint shortly afterwards, no reference was made in their final response (issued in February 2025) to the conversation and the complaint wasn't upheld, with O saying Ms S had to pay the additional £110.68 (which had been calculated by One, as the insurer of the policy). O referred to the policy renewal notice, which included the need to check the information it contained and to notify them of any changes during the last year, including any accidents (whether a claim was made). O said Ms S renewed the policy at the beginning of December, to take effect at the beginning of January. She contacted them ten days later to remove the automatic renewal of the policy, but didn't tell them about the accident, which occurred three days after she renewed the policy.

O also referred to Ms S contacting them at the beginning of February to tell them about the incident, which they added to the policy, generating (by One) the additional £110.68 premium. Ms S contacted O to cancel the claim but was told the additional premium would apply as the incident had occurred. One confirmed the claim would be reviewed in six months to see whether any third-party claim had been received.

Ms S then complained to this Service, unhappy with being charged the additional £110.68 and the time and trouble she'd been put to in following up the issue. She thought she had been misadvised and that she had been told inconsistent things by One (her insurer) and her broker. She wanted the £110.68 refunded, as she was led to believe would happen.

After Ms S complained to this Service, One (as the insurer of her policy) issued their own final response, in March 2025. They upheld Ms S's complaint, about the information they had given her indicating she wouldn't have to pay the additional £110.68. When Ms S contacted them to tell them about the incident, their validation checks indicated she had done a much higher mileage in her vehicle than that disclosed when the policy was taken out. As such, Ms S would have to pay a percentage of any claim made because of the incident. When she subsequently spoke to One, she was told that as she wasn't making a claim, there would be nothing to pay. But this was in respect to the percentage of the claim that would have been payable had the claim proceeded. However, this didn't mean there wouldn't be an additional premium because of the incident (and the higher mileage). Something the One representative wouldn't have been aware of. One accepted the information could have been misunderstood by Ms S, so they awarded £50 compensation.

Shortly after issuing their final response, One also wrote to Ms S to say that the third party had confirmed they wouldn't be making a claim. Together with Ms S confirming she wasn't making a claim, they would look to close the claim as notification only. But Ms S would still need to advise future insurers of the incident (as notification only). As a result of the claim being closed as notification only, One refunded £31.85 of the additional £110.68. But Ms S didn't believe the £50 compensation was sufficient for the distress she'd suffered.

Our investigator didn't uphold the complaint, concluding One didn't need to take any action. He concluded Ms S didn't tell One about the incident until later, after the policy renewed. One acted reasonably in increasing the premium due to the incident (not being disclosed) and subsequently awarding £50 compensation for the confusion they'd caused and refunding £31.85 of the £110.68.

Ms S disagreed with the investigator's view and asked that an ombudsman consider the complaint. She didn't accept the One call handler had been referring to the amount that would have been withheld had she made a claim. The basis of the discussion was that she wasn't going to make a claim as she had already made a repair. The call handler told her she would have to pay an increased premium. She thought One should honour what she understood was their offer to refund the whole £110.68 additional premium, as well as compensation for the time and trouble that she had been put to.

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 One have acted fairly towards Ms S.

The main issue in Ms S's complaint is that she says she was told by a One call handler that she would be refunded the full £110.68 additional premium One wanted to charge. So, they

should honour what she was told. One say the representative wasn't referring to the refund of premium, rather the proportion she'd have to pay if there was a claim, to reflect the fact she had declared an incorrect estimated mileage when taking out the policy.

In considering the complaint, as set out in the previous section of this decision, it's important to note the issues are about the actions of One as the insurer of the policy, not O as the broker through which the policy was taken out. The decision to charge an additional premium of £110.68 was a decision by One, as the insurer of the policy. Their role includes assessing the risk presented by Ms S when determining whether to offer a policy and the terms under which they are willing to offer cover, including the premium charged. This would be based on a range of factors, including their assessment of the risk presented by Ms S as well as their own operational and commercial considerations.

From the sequence of events set out above, I think it clear Ms S didn't tell One (or O) about the accident in December 2024. While I can understand why she didn't so, thinking the matter would be settled privately between her and the third party, this wouldn't relieve her of the obligation under the policy to notify One (through O) of the incident, irrespective of the fact she wasn't intending to make a claim (and her understanding the third party wouldn't do so either). In their final response, O refer to the renewal notice requiring changes that must be notified, U refer to examples of material information that should be disclosed, including:

- *“Any losses, accidents or claims made by you or any other driver, on this or any other insurance policy (whether or not you make a claim).”*

This is a standard term in motor insurance policies and so not unusual to be included in Ms S's policy. And while the incident didn't occur until three days after Ms S renewed the policy, it occurred before the policy was due to come into effect and therefore something she should have disclosed when it occurred.

Once they eventually became aware of the incident, it wasn't unreasonable for One to re-assess the premium due on the policy. Claims and accident history is typically one of the factors that insurers take into account when assessing the risk presented by a consumer, even where a claim isn't being made (either by the policyholder and/or any third party) and regardless of whether any claim is assessed as fault or non-fault.

What is also apparent in this case is that there was also an issue with the estimated annual mileage Ms S had recorded when taking out (and renewing) the policy. When compared to mileage records between MOT tests, this indicated the actual mileage was higher than the estimated mileage. Again, estimated mileage for a vehicle being insured is typically another factor insurers take account of when pricing a policy (the higher the mileage, the higher the risk presented). So, it wasn't unreasonable for One to include this factor alongside the undeclared incident when re-assessing Ms S's premium (Ms S accepts her mileage was higher than the figure upon which the policy was based). Ultimately, the size of the increased premium is a commercial decision for One, as the insurer, so I can't conclude it was unreasonable for them to seek an additional premium from Ms S.

The issue then is whether One misled Ms S when she says they told her, in a discussion, that they wouldn't be charging the additional premium. One, in their final response, say the call handler was referring to the percentage of the claim that would have been payable had the claim proceeded. However, this didn't mean there wouldn't be an additional premium because of the incident itself (and the higher mileage).

In their final response, One accept there may have been a misunderstanding on this point, for which they have awarded £50 compensation. However, even if this was the case, it doesn't alter the fact that the incident itself (regardless of a claim not being made) and the incorrect mileage would always have been likely to result in an additional premium. And One

say the call handler wouldn't have been aware of the latter (being in the claims team, not the underwriting team who would have assessed and calculated the additional premium).

I've also noted One subsequently closed the claim a 'notification only' when it was confirmed that neither Ms S nor the third party would be making a claim. This is what I would have expected One to do and then re-calculate the additional premium due (as they would not have exposure to potential claim costs) and make a refund, as they have done here. Again, while this reduced the additional premium, it wouldn't eliminate it entirely, as there would still be the incident recorded and a higher mileage figure.

But as Ms S may have been misinformed, then I think it fair and reasonable for One to have awarded compensation. As I don't think Ms S has suffered any financial loss as a result of what happened, then I can't reasonably award compensation for that. But I agree she did suffer some distress and inconvenience. Considering the guidance published by this Service on awards for distress and inconvenience, I think £50 is fair and reasonable, so I won't be asking One to increase their award (but they should now pay the award if they haven't already done so).

My final decision

For the reasons set out above, it's my final decision not to uphold Ms S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 29 September 2025.

Paul King
Ombudsman