

The complaint

Mr T complains about the cost of his motor insurance premium charged by First Central Insurance Management Limited (First Central). He believes the cost increased due to a fraudulent claim recorded against him and wrongly awarded penalty points.

References to First Central in this decision include their agents.

What happened

In July 2024 Mr T received a renewal notice for his motor insurance policy. The total cost had risen from £948.69 (£79.06 monthly) the previous year to £1,902.28 (£158.52 monthly). Concerned at such a large increase, Mr T pursued the matter and having checked his driving licence details online, found it recorded ten penalty points. He thought three points were correct (in one location) but not the other seven, which were for offences in a second location a significant distance from the first.

He challenged the points recorded under the second location and had it confirmed they were wrongly recorded against him (it appeared he was prosecuted for the same offence in both locations). Thinking his renewal increase had been affected by the wrongly recorded penalty points, he asked First Central to provide a new renewal quote. However, First Central renewed his policy (despite Mr T emailing them requesting them not to renew the policy). He pursued the issue of the wrongly recorded penalty points with the court in the second location and subsequently received confirmation from the court through email that the case brought against him had been withdrawn by the police.

However, First Central told Mr T they wouldn't accept the email from the court to Mr T as proof of his [correct] penalty points, needing confirmation through a letter including heading from the court. Mr T also said he'd been told by a First Central agent they would amend the policy once the letter had been received. First Central then told Mr T they didn't have any convictions recorded under the policy. So, no amendments or corrections were required.

Unhappy at what he believed was First Central significantly increasing his renewal premium, as well as being told conflicting things, Mr T complained.

First Central didn't uphold the complaint. In their final response, they referred to a previous claim recorded on the Claims and Underwriting Exchange (CUE) against Mr T (by a previous insurer, A) being removed by A in April 2023 as the claim was fraudulent. Once made aware, First Central removed the claim from the policy and adjusted the premium accordingly.

First Central also referred to the Statement of Fact documents issued with the policy, which formed the basis of the policy renewal. Both Statements for 2023 and 2024 recorded no claims or motoring convictions. So, none were included in the calculation of the renewal premium in 2024. On the increase in the renewal premium, First Central appreciated Mr T's concern about the increase but having checked with their Pricing and Underwriting team, they confirmed the renewal premium was calculated correctly based on their current rating factors. While Mr T's personal circumstances may not have changed, premiums fluctuated due to various factors, including overall claims trends and industry-wide data analysis.

Mr T then complained to this Service. He said he'd shown First Central the penalty points had been wrongly added to his licence and had evidence from the court to show this was wrong. But First Central hadn't actioned this and increased his premium based on incorrect information. This had a significant financial impact on him. He'd also had a similar issue with First Central previously, in 2022, which was resolved in his favour (through a complaint to this Service) when he was also shown to be innocent. He wanted First Central to adjust his monthly premiums and reimbursement for the additional premium he maintained he had been wrongly charged, as well as compensation for their error and the stress it had caused.

Our investigator didn't uphold the complaint, concluding First Central didn't need to take any action. On the issue of the penalty points against Mr T, the Statement of Fact document containing the information used by First Central to generate the quote for Mr T's policy renewal in July 2024 included no entries for accidents (claims) or convictions. So, First Central didn't reflect either the fraudulent claim or penalty points when pricing the policy, which had been confirmed by First Central's underwriters and that the increase reflected industry trends in premium pricing.

Mr T disagreed with the investigator's view and asked that an Ombudsman review the complaint. He didn't think the investigator had considered all the evidence he'd provided, for example First Central saying they would reduce his monthly premium. Nor did he believe First Central hadn't taken any convictions into account in setting his 2024 renewal premium. He also provided a copy of his renewal notice issued in July 2025, in which his total premium reduced from £1,902.28 (£158.82 monthly) the previous year, to £1,288.94 (£107.41 monthly). He thought this showed he had been overcharged the previous year.

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 First Central have acted fairly towards Mr T. Mr T's complaint refers to penalty points wrongly recorded on his driving licence, due to errors by the court in the second location. Mr T's complaint to this Service is about First Central increasing his renewal premium because of what Mr T believes is their reflecting the wrongly recorded penalty points in the renewal premium. So, this decision doesn't consider the actions of the court (nor of the police, or of the DVLA in recording those points). They are mentioned as part of the background and context for Mr T's complaint.

The key issue in Mr T's complaint is whether First Central acted fairly in significantly increasing his renewal premium at renewal in July 2024. Mr T believes it was due to their taking account of the wrongly recorded penalty points on his licence. He believes he proved they were incorrect and so his premium was wrongly increased. He wants his premium reduced accordingly. For their part, First Central maintain they didn't take account of any penalty points (or of an earlier, wrongly recorded claim against Mr T) when setting the premium at renewal in 2024.

Having reviewed the evidence, I don't think First Central need to do anything in settlement of this complaint. I know this is likely to come as a disappointment to Mr T, but I hope my findings explain why I've reached this decision. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

Coming back to the key issue in the complaint, whether Mr T's premium at renewal in 2024 was affected by the penalty points wrongly recorded on his driving licence, there are conflicting views from Mr T and First Central. Mr T says he was first told by First Central that

they would amend the policy details to reflect the wrongly recorded penalty points. Then that they wouldn't accept email evidence (only a letter on headed paper). But then that they didn't have any penalty points recorded for Mr T. First Central's Underwriters have stated they didn't take any account of penalty points when providing a renewal premium in 2024.

As well as this affirmation, First Central also provided a copy of the Statement of Fact document issued as part of the policy documents in July 2024. The document summarises the information upon which the policy, including the renewal premium, is based. It includes details of the policyholder, any additional [named] drivers as well as the vehicle and cover details. It also includes details of any accidents, claims, incidents or losses in the previous five years (Section 5) and details of any motoring convictions, fixed penalty offences or driving disqualifications from any driver in the last five years (Section 6). Both sections are answered 'no'. Meaning no such accidents, claims and convictions have been recorded. The same sections for the 2023 Statement of Fact also record 'no' to both.

As a key document underpinning the policy and contract of insurance, policyholders are routinely asked to read the information carefully and if any information is incorrect or omitted, the policyholder should contact First Central so that a revised Schedule can be issued. So, as both the sections relating to past claims **of** motoring offences are answered 'no' then it supports First Central's affirmation that they didn't use any information about the wrongly recorded penalty points on Mr T's licence when setting the premium at renewal in 2024 (and, for that matter, in 2023).

So, I've concluded that First Central didn't use the wrongly awarded penalty points on Mr T's licence.

Having reached this conclusion, I've then considered the factors that did affect the calculation of Mr T's premium at renewal in 2024.

In doing so, I would note that a customer may expect a simple explanation for a price increase like Mr T experienced. But for an insurer, there may be many variables to consider when setting a premium – including their own commercial requirements. And we generally take the view that, providing they treat people fairly - that is they treat customers with similar circumstances in the same way - insurers are entitled to charge what they feel they need to, in order to cover a risk. I think it important to mention 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.

Turning to the detail of Mr T's complaint, the principal issue is the significant increase in the premium. First Central point to a range of factors behind the increase and say they have been applied correctly in Mr T's circumstances. In providing their underwriting and pricing information driving the increase in Mr T's premium it sets out a range of factors, compared to the premium from the previous year.

The factors affecting the premiums included the following:

- An increase in severity of accidental damage claims
- An increase in the severity of claims for fire damage
- An increase in the frequency and severity of claims for theft

There were also other changes to individual rating factors. I've also noted the rating factors applied when generating the 2024 renewal didn't include any penalty points recorded against Mr T, which is consistent with there being none recorded on the Statement of Fact document. Which also supports the conclusion that penalty points weren't responsible for any of the premium increase in 2024.

Insurers constantly update how they rate the risk of consumers. And their rates continually change. First Central has provided the detailed, confidential business sensitive information to explain how Mr T's premium increases were calculated. I can't share that with Mr T, but I've reviewed it carefully. I'm satisfied the renewal price quoted was calculated correctly and First Central's customers in Mr T's position will have been charged similar premiums.

While Mr T's complaint to this Service was focused on the issue of the impact of the wrongly recorded penalty points, I've also noted – given reference to it in First Central's final response – the previous issue with a fraudulent claim recorded on the CUE by a previous insurer, A. That was removed by A in early 2023 and a refund of premium was processed by First Central. The removal of the claim was also reflected, as I've noted above, in the Statement of Fact documents for both 2023 and 2024 including no entries for claims made in the previous five years. So, that fraudulent claim had no impact on Mr T's policy renewal in either 2023 or 2024.

Mr T also refers to his policy renewal in July 2025, which showed a significant decrease in his premium compared to the renewal premium in 2024. However, that isn't something I've considered in this decision as it hasn't – as far as I'm aware – been the subject of a complaint by Mr T. And while I haven't seen the reasons for the decrease, I don't think it indicates that the previous year's premium was unfair or unreasonable, given that I'm satisfied that was calculated fairly for the reasons I've set out. And as the 2024 renewal didn't reflect the wrongly recorded penalty points, then it doesn't follow that the 2025 renewal decrease is the result of those points being taken out of consideration.

Taking all these points into account, I've concluded First Central have provided sufficient explanation for the increase in Mr T's premium in 2024 that they are consistent with their pricing model and applied to Mr T's circumstances, and that it didn't include the wrongly recorded penalty points.

So, they've acted fairly and reasonably and I won't be asking them to take any further action.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 15 September 2025.

Paul King
Ombudsman