

The complaint

Mr M and Mr M (his son) have complained about the premium increase to Mr M's (son's) motor policy when Mr M cancelled his car and home insurance.

To appropriately differentiate between both Mr M's I shall call Mr M's son, Mr A. Further as it has been Mr M who has corresponded with us, I shall mainly refer to him throughout.

What happened

Mr M had his car and house insured with Admiral for some years. Those policies ran from February to February each year. Mr M paid his premium in full upfront for both of these policies.

In May 2024, Mr A insured his car also with Admiral. And on this basis Mr M's policies would be added to Mr A's policy when they expired in February 2025 with Mr A being the policy administrator of all three policies thereafter under the multi-cover arrangement.

On this basis, Mr A received the multi-cover premium discount on his premium as a new young driver. And Mr A paid his premium by monthly instalments from May 2024 with his first year's policy expiring in May 2025.

However in February 2025, just before the expiry date of his motor policy, Mr M sold his car so he cancelled his motor policy. He found that having his home insurance only with Admiral worked out more expensive than with other providers, so he cancelled that too. He didn't require any new motor policy as his new car was on a lease which included insurance.

Mr A then sold his car about a week later in February or early March 2025 and also opted for a leased car, which came with insurance so he cancelled his policy at that time when it wasn't due to expire until May 2025.

Admiral then took away the multi-cover discount from Mr A's motor premium as now there was no reason for any multi-cover discount as there was only one car insured instead of two with the household policy had also been cancelled. Further as Mr A was paying for his premium by instalments there was an extra 'time on risk' charge which his monthly payments to date hadn't fully covered and he was charged a cancellation charge of £60. Therefore Admiral asked Mr A to pay the balance of £1,042.88 comprising of the increased premium due to the loss of the multi-cover discount plus the cancellation charge given he had cancelled his policy.

Neither Mr M nor Mr A could understand why the charge was so much or indeed why it occurred at all. So Mr M complained to Admiral. Initially Admiral told them wrongly that it was due to a claim Mr M had had, which confused Mr M and Mr A, even more.

Finally Admiral clarified the matter and explained the situation in its final response letter. It apologised for the confusion it had caused with this erroneous claim mention. For this it paid Mr M £100 compensation and waived the £60 cancellation fee it had charged Mr A. It denied

however that Mr M was told by an Admiral adviser that Mr A's outstanding premium was put on any type of hold until Admiral's investigation was completed.

Admiral explained that the increase to Mr A's premium was due to the loss of the multi-cover discount. Other than Admiral waived the £60 cancellation from the amount due of £1,042.88, it remained that Mr A still had the further premium increase and 'time on risk' charge to pay.

Dissatisfied Mr M brought his complaint to us. The investigator was of the view that having seen Admiral's underwriting guide, it hadn't treated Mr A any differently to anyone else in a similar situation when the other policies providing the multi-cover discount were cancelled. So he didn't think Admiral had done anything wrong. He also agreed it was reasonable that Admiral had waived the cancellation fee of £60 for Mr A and paid Mr M £100 compensation for the initial confusion it caused.

Mr M didn't agree so his complaint has 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.

Having done so, I'm not upholding this complaint. I do understand and appreciate that both Mr M and Mr A will be very disappointed so I'll now explain why.

Essentially the premise on which Mr A's premium amount was originally calculated was on the basis that he would receive a discount because Mr M insured his car and his home with Admiral too. So Admiral in common with many other insurers now offer discounts when family or household members all insure their cars, the house and even pets sometimes with the same insurer. That is why Admiral was going to move Mr M's policies to Mr A's policy when they expired, so all three policies would be under the one multi-cover policy.

However once Mr M cancelled both his own motor and the house policies that essentially triggered the removal of the discount in premium that Mr A had been granted as there was no other policies bar Mr A's now insured with Admiral. So effectively Mr M's mid-term adjustment in cancelling his policies before the expiry date automatically took away Mr A's discount. Therefore as Mr A hadn't cancelled his policy at that time, the premium was then readjusted. There is nothing wrong with Admiral readjusting the premium given the reason for the original discount was no longer in being.

Mr A also paid his premium amount by way of instalments. That means the annual premium plus the credit charge total were divided into monthly amounts which Mr A paid each month. However again, when a policy is cancelled midterm like Mr A did with his, when the time on risk is calculated against the amount of premium instalments paid, it's not unusual to have a time on risk amount still to pay. This is because paying your premium by instalments with the addition of the credit charge doesn't then mean each monthly payment means you have paid the correct time on risk, depending on when you cancelled it.

We asked Admiral to show us its underwriting guide and calculations for what it was asking Mr A to pay. This is commercially sensitive information so I can't share it with Mr M or Mr A and I can't detail it in this decision. But Admiral has shown how the original discount was calculated and how the removal of Mr M's car and home insurance affected it. I'm also assured that if another customer had been in a similar situation as Mr A, the same level of premium increase would have occurred. This in turn shows me that Admiral didn't single out Mr A and treat him differently.

As the investigator explained, we are not the insurance regulator, the Financial Conduct Authority is. So this service has no authority to tell any insurer what to charge in premium or indeed what to charge as a discount in a multi-cover situation either. Insurers are entitled under the regulations to decide what risks, what premium levels, and what discounts they individually might want to give in varying situations, for themselves, as that's part of their commercial discretion. That is not something I can get involved with at all.

However insurers are required to detail how they calculate premiums in these circumstances hence why they must have an underwriting guide. The underwriting guide ensures that people in the same circumstances have the same rules applied to their premium calculation, so removing any ability to single out consumers in varying situations and potentially treating them unfairly. My role is solely to ensure given the underwriting guide, that the complainant hasn't been treated differently to anyone else. And that is the case here, from what Admiral has shown me.

I do consider Admiral unnecessarily confused issues at the beginning when Mr M and Mr A complained, which did cause unnecessary upset and confusion to both Mr and Mr A. So I consider it's reasonable that Admiral paid Mr M compensation of a total of £160 to include waiving Mr's A cancellation fee of £60. For the avoidance of any doubt, I also consider Admiral was entitled to charge Mr A the cancellation fee in the first instance too, given his policy had several months left to run. Our approach to compensation is more fully detailed on our website but the total amount of £160 including the waiving of the cancellation fee, is in line with our approach and therefore I consider it's fair and reasonable in these circumstances.

My final decision

So, for these reasons, it's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mr M to accept or reject my decision before 16 February 2026.

Rona Doyle
Ombudsman