

The complaint

Mr L complains U K Insurance Limited trading as Direct Line (UKI) didn't provide a fair refund of policy premiums for his motor insurance policy after an open claim was closed as a non-fault claim.

UKI are the underwriters of this policy i.e. the insurer. Part of this complaint concerns the actions of the intermediary. As UKI have accepted it is accountable for the actions of the intermediary, in my decision, any reference to UKI includes the actions of the intermediary.

What happened

Mr L was involved in an incident at the end of August 2023 which he said was the fault of the third-party.

It took until 2025 for the claim to be concluded with the third-party insurer and closed as non-fault. During this time Mr L's annual policy was renewed twice with UKI, and the policy premiums were calculated with an open claim recorded. When the claim was closed as non-fault, UKI recalculated Mr L's policy premiums and he was paid a refund for both years.

Mr L was unhappy with the refund amounts, he said they were lower than he believed they should be when he had reverted back to his pre accident status. He said he was led to believe closing the claim as non-fault would remove any impact from the policy premiums.

Because Mr L was not happy with UKI, he brought the complaint to our service.

Our investigator didn't uphold the complaint. They looked into the case and didn't believe UKI had acted unreasonably by refusing to provide a recalculation of premiums until the claim was closed and believed UKI's reassessment of policy premiums for his previous renewals to be fair.

As Mr L is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

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.

It is important to understand that we're not the industry regulator. That means I don't have the power to tell an insurer or broker how much it can charge for its policies. Neither is it my role to tell an insurer what factors it should take into account when assessing risk.

When calculating what premium to charge individual policyholders, UKI will take numerous different factors into account – these are likely to include, but are not limited to, the policyholder's postcode, the age of the drivers, the number of fault claims and non-fault claims etc. And different insurers assess risk differently. What is high risk to one may not be

to another. Individual insurers may also use different data when assessing the risk posed. But that's not unusual or unfair.

We cannot tell UKI (or any insurer) that it should use, or discount, specific data. That's because the risk is UKI's to take on so it will decide how to assess it and will price the policies it offers accordingly. Prices can go up or down, depending on what it thinks the risks are that year for all of its customers. This risk can change year on year, so it's not unusual or uncommon for prices to increase – even though personal circumstances remain the same.

It's been widely publicised over the last couple of years that the price of insurance has increased significantly due to claims inflation and other relevant factors.

Providing they treat people fairly, insurers and brokers are entitled to charge what they feel they need to in order to cover a risk. So, although I cannot tell UKI how much to charge Mr L, I can look at whether it treated him fairly throughout the time he held his car insurance.

In this case the incident happened in August 2023 and wasn't resolved with the third party until 19 months later. This impacted the renewal price of Mr L's motor insurance policy premiums in February 2024 and February 2025 because they were calculated with an open claim recorded.

Mr L told UKI he had found cheaper quotes from other insurers when declaring the claim and asked if it would price match. Although UKI said it couldn't price match it did offer a discount. I do recognise that price is important, and I can understand why Mr L would want to make comparisons to quotes from other insurers prior to renewal of his policy. In this case he was able to make a comparison using the correct claim information at the time of renewal.

Mr L was unhappy that UKI was unable to provide a recalculation of premiums prior to the claim being concluded. I don't think it is reasonable to expect UKI, or any insurer, to recalculate premiums until the time a claim has been concluded, because until it is concluded it won't have accurate and correct claim details to use in the recalculation .

When the claim was closed as non-fault, UKI changed the claim status from open to closed and non-fault. It recalculated Mr L's premiums and because they were found to be lower than with the open claim, it refunded the difference to him.

Mr L thought the recalculated price should be lower than the ones provided. He said he had been led to think that the claim being recorded as non-fault would remove the impact of the claim from the policy premium altogether and he assumed he'd be returned to his pre-accident status. He said UKI gave him no, or incomplete information about what a recalculation involved despite him asking about what the recalculated premiums would be.

I listened to a call from January 2024 in which Mr L discussed the situation with UKI. He was told that UKI would recalculate his premiums when the claim was settled and make any refunds due. UKI explained to him that a non-fault claim does have an impact on the calculation of the policy premiums, although this wouldn't be as big an impact as it would be if it were a fault claim.

Therefore, I can't agree Mr L wasn't made aware there would be some impact because of the claim if and when the it was recorded as non-fault.

The only amendments made when the policy premiums were recalculated by UKI was a change to the claim status from open to closed and non-fault. It wasn't possible to return Mr L's details back to his pre accident status, because there was a no-fault claim. UKI confirmed it had checked both backdated amendments and the details were correct.

After considering all the evidence provided I can't reasonably say the recalculated price was unfair or incorrect and can't fairly tell UKI to provide any further refund or pay compensation.

Therefore, although I recognise Mr L feels strongly about the way premiums are calculated and he will be disappointed with my decision, I don't uphold his complaint and don't require UKI to do anything further in this case.

My final decision

For the reasons I have given I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 1 January 2026.

Sally-Ann Harding
Ombudsman