DRN-5796478

The complaint

Mr B complains that Admiral Insurance (Gibraltar) Limited unfairly told him he would need to pay an additional premium for his motor insurance policy.

What happened

In April 2024 Mr B took out an Admiral policy for his car. He added this cover to his partner's policy on a multi-cover basis. When he took out the cover Admiral asked him if he'd had any accidents, incidents, thefts or losses, or made any claim whether fault or non-fault within the previous three years. Mr B said he hadn't.

The policy renewed in May 2024. Admiral's policy documents asked Mr B to check that his details were correct and to tell it if they weren't. Those documents said that Mr B had previously told it he hadn't had any accidents, incidents, claims etc in the previous three years.

In August 2024 Admiral wrote to Mr B. It told him that it had become aware of a driving incident from October 2023 recorded on the Claims and Underwriting Exchange (CUE)[1], which he hadn't told it about. It said that if he had it would have charged an additional premium of around £300 (after applying a charge for credit and an amendment fee). It told him he could either arrange to pay the additional premium or, alternatively, he could cancel the policy and it would charge him for his time on cover at the renewal premium he'd previously agreed to.

Mr B rang Admiral to discuss the matter on 16 August 2025. He acknowledged an incident from October 2023 when a cyclist had hit his parked car. Mr B said he hadn't made a claim but had told his previous insurer about it. This sort of incident is usually referred to by insurers as being 'notification only'. Admiral told him that this incident affected his premium. It again said that he could cancel his policy if he wanted to. Mr B asked Admiral to raise a complaint.

Admiral replied to the complaint the next month (September 2024). It told Mr B that after learning about the notification only incident it had revised the premium which had increased. It again offered him the opportunity to cancel the policy based on the original renewal premium.

Mr B didn't cancel his policy and began paying the increased premium. But he remained dissatisfied and brought his complaint to the Financial Ombudsman Service. One of our Investigators looked into it. He didn't think Admiral had dealt with the matter fairly. He said that in line with the relevant legislation, rather than charging an additional premium, Admiral should have told Mr B it would cancel his policy. The Investigator noted that as Mr B's policy had since lapsed, Admiral could no longer do that. So he said it should refund the additional premium Mr B paid.

Admiral didn't agree with our Investigator's complaint assessment so the matter's been

[1] CUE is a shared database of insurance claims and incidents.

passed to me to decide.

Provisional decision

On 20 August 2025 I issued a provisional decision explaining why I was not minded to uphold the complaint. For ease of reference I've repeated the relevant extracts below. I said:

"*When taking out an insurance policy a consumer is required to take reasonable care to answer an insurer's questions correctly. Similarly, when renewing a policy a consumer is required to take reasonable care to comply with an insurer's requests to confirm or amend the details the consumer has previously given to it.*

In this case Mr B initially took out his policy over the phone. Admiral asked him if he'd had any incidents, accidents etc within the last three years. Mr B said that he hadn't. But that wasn't right. Mr B had told his previous insurer about a notification only incident when a cyclist crashed into his parked car. So Mr B was aware that there'd been an incident. And, I think he should have told Admiral about it.

Similarly, when Mr B's policy renewed in May 2024, Admiral asked him to confirm the details he'd previously given to it. Including that he hadn't had any incidents etc within the last three years. Mr B didn't correct the policy details at that point to tell Admiral about the notification only incident with the cyclist. I understand that Mr B didn't think he needed to because he hadn't made a claim. But Admiral didn't limit its questions to whether or not he'd made a claim. It asked about any incident. So in order to take reasonable care to answer the question to the best of his ability, I think Mr B should have told Admiral about it. And if he'd done so it would have charged him a higher premium.

Mr B's mistake in not telling Admiral about the earlier incident is known in the insurance industry as a careless misrepresentation. And there's specific legislation – the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA) – which sets out what insurers may do in such a situation. It says that insurers may:

- *cancel the policy; or*
- *tell the consumer that it will settle any future claims on a proportionate basis (or apply other exclusions or limitations it would otherwise have applied).*

The insurer is allowed to choose which of the above remedies it prefers and it doesn't have to offer both of the above options to the consumer. However, CIDRA doesn't allow the insurer to simply impose an additional premium. But we think it's reasonable for an insurer to explain to the consumer there's a problem and give them the option of paying the additional premium in order to keep the policy going or otherwise to cancel the policy themselves.

In this case Admiral gave Mr B the choice of either paying the additional premium or of cancelling the policy himself. And, in its response to his complaint, it confirmed that it would give a refund of any unused premium without an administrative charge. And that would have given Mr B the opportunity to look elsewhere and to see if there was another policy that was more suitable for him. But Mr B didn't accept that offer. In other words, having paid the additional premium, he chose to leave the policy in place. Although he did pursue the matter by way of the complaint I'm considering now.

Our Investigator suggested that Admiral had handled the matter unfairly because Mr B didn't accept the additional premium. But, as I've already said, Admiral gave Mr B two options, cancel the policy or pay the additional premium. He didn't cancel the policy and did pay the additional premium. So, while he remained unhappy with that, I think he made a clear, if not explicit choice, that he would rather pay the additional premium than cancel the policy. And *in those circumstances I think it was reasonable for Admiral to proceed on the basis that Mr B had accepted the additional premium.*

Further, the other option for Admiral would have been for it to cancel the policy itself. But I think it's likely that had that happened Mr B would have found himself in a far worse position. I'll explain that an insurer taking action to cancel a consumer's motor insurance policy can have significant consequences for the policyholder concerned. That's because many insurers will see an individual who's been the subject of such a cancellation as a high risk. And some insurers will refuse to insure an individual in those circumstances or will only do so for an inflated premium. So if Admiral had cancelled Mr B's policy, it's likely that going forward he'd have found sourcing insurers that would cover him and if so for how much, far more difficult and expensive than previously. It follows that I think it was reasonable for Admiral not to cancel the policy after Mr B paid the increased premium.

Mr B was clearly surprised that the incident with the cyclist, which didn't result in a claim, could affect his premiums going forward. Admiral explained to Mr B, when he rang to ask about the additional premium, that its statistics show that drivers who've been involved in non-fault accidents – or incidents that don't result in a claim – are more likely to later be involved in fault claims. And as Mr B is probably aware, insurance is essentially an assessment of risk. When deciding how much to charge for their policies insurers will make an assessment of the likelihood that their policyholders will make a claim and how much they might have to pay out for those. And insurers will take into account a number of different factors when deciding what to charge for insurance. And if the assessment of risk increases, an insurer may decide to increase the premium.

We're not the industry regulator. That means it's not my role to tell an insurer 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. Different insurers will have different views on what presents a risk and the extent of those. That's essentially a matter of commercial judgement and not something we would usually think it's fair to interfere with.

In this case it's apparent that one of the risk factors Admiral takes into account is whether a driver's been involved in an incident, regardless that it might not have resulted in a claim. And that's certainly not an unusual practice across the motor insurance industry. So if Admiral thinks drivers who've been involved in notification only or non-fault incidents pose a greater risk than drivers who haven't, it's entitled to charge a higher premium.

I can understand Mr B may not agree with Admiral's assessment of risk. And this isn't the approach of all insurers. But this doesn't mean that Admiral's done anything wrong. It's entitled to decide its rating factors (what it bases its premiums on) in response to its assessment of the risks it covers and the market it operates in. And as I've said above it's not for me to tell Admiral how it should go about assessing the risk it believes its policyholders present. That's something it's allowed to do when balancing its need to cover any perceived risks against its desire to be competitive and retain a customer's business. So I don't think its approach to rating risk is unfair."

Neither Mr B nor Admiral replied to my provisional decision.

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.

As neither Mr B nor Admiral has objected to my provisional decision I see no reason to change it.

My final decision

For the reasons set out above I don't uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 2 October 2025.

Joe Scott
Ombudsman