

The complaint

Mr J has complained about the increase at renewal to his car insurance premium and that his No Claims Discount (NCD) has been reduced following an incident.

What happened

Mr J bought a car insurance policy through a broker in May 2024. In December 2024 he reversed into another vehicle. The driver of that vehicle made a claim against Mr J's policy.

The insurer Acromas settled the third party claim. Mr J held 12 years NCD which was unprotected. Applying the 'step back' set out in a table to Mr J at renewal, Acromas reduced his NCD from 12 years to three years as a claim had been made.

As a result of these two changes, Mr J's premium increased substantially at renewal in May 2025 compared to what he paid in May 2024.

Mr J complained about the increase in premium. The broker replied to Mr J's complaint on behalf of Acromas. It explained that the calculation of Mr J's premium was correct. So it didn't uphold the complaint.

Mr J remained unhappy and asked us to look at his complaint. Acromas told us it had checked the calculation of Mr J's premium at renewal and had made an error. The error meant it had overcharged Mr J by £132.90. To put things right, it offered to refund the £132.90 with interest at our rate of 8% simple interest a year.

Acromas said it would pay Mr J £75 compensation for the distress and inconvenience caused by its error.

The Investigator explained that we do not decide what price an insurer charges – this is a commercial judgment by insurers. He explained that we ask an insurer to provide its commercially sensitive information to us to show it has treated a customer fairly when calculating a premium. But this is information we cannot share with a customer.

On review, the Investigator was satisfied that Acromas had treated Mr J fairly and as it would any other customer in the same circumstances. He found Acromas' offer to resolve the small error it made in the premium calculation to be fair.

Mr J disagrees and wants an ombudsman to decide on the case.

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 the Investigator explained, we do not tell an insurer what premium to charge. Insurers have a different appetite for risk. And that risk can change frequently. This is why we see such a wide range of prices from different insurers for the same level of cover using one set of circumstances.

We can ask an insurer to share its commercially sensitive underwriting information to us so that we can see if it has treated a customer fairly when calculating a premium.

The premium calculated for Mr J for May 2025 increased substantially because of a fault claim recorded in December 2024 – and as a result Mr J's NCD reduced significantly from 12 years to three.

Although Mr J didn't claim against his policy, the third party did and his insurer settled those costs.

It isn't unusual for a claim – along with a reduction in NCD – to significantly impact a premium as the risk has changed.

Acromas has provided a breakdown of the premium and explained that it overcharged Mr J by £132.90. His total premium at renewal was £2,452.74 compared to £663.26 the year before. Acromas says it will pay interest on the £132.90.

I think Acromas' offer to put things right for the incorrect calculation at renewal is fair. I think Mr J should be paid interest on the extra premium amount he has lost out on since renewal.

For the distress and inconvenience caused by this error, I find the compensation offer of £75 by Acromas is reasonable. It is in line with awards we give in similar cases to reflect the level of inconvenience and the impact on Mr J.

My final decision

I understand Mr J will be disappointed with my decision. But for the reasons I've given I am upholding his complaint in part. I require Acromas Insurance Company Limited to do the following:

- Provide a refund of the overcharged premium of £132.90.
- If it hasn't already done so, pay interest from the date Mr J paid his renewal premium to the date it refunds the £132.90.
- Interest is payable at a rate of 8% simple interest a year from the date the renewal premium was paid to the date of refund.
- Pay compensation of £75 for the distress and inconvenience caused by Acromas' miscalculation of Mr J's premium at renewal in May 2025.

Acromas Insurance Company Limited must pay the compensation within 28 days of the date on which we tell it Mr J accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 17 December 2025.

Geraldine Newbold
Ombudsman