

## The complaint

Mr R1 and Mr R2 complain about the additional premium Admiral Insurance (Gibraltar) Limited (Admiral) have charged on their motor insurance policy following a change of occupation.

Mr R1 is the policyholder of the policy being complained about and so for ease, I've referred to him throughout.

## What happened

The circumstances of this complaint will be well known to both parties and so I've summarised events.

Mr R1 held a motor insurance policy with Admiral which ran from June 2024 to June 2025. In January 2025 Admiral learned Mr R1's occupation had changed from a student to a sales manager. It wrote to Mr R1 to say the change of occupation would be effective from June 2024 and an additional premium of just over £650 was due. Mr R1 raised a complaint about the additional premium being charged.

On 31 January 2025 Admiral issued Mr R1 with a final response to his complaint. It paid Mr R1 £325 compensation for issues he had raised in relation to a claim on his policy. But in respect of the additional premium charged it said it ensures its rates are fair and reasonable to all customers and so it wouldn't be upholding this element of Mr R1's complaint. Mr R1 didn't think this was reasonable and so referred his complaint to this Service.

Our investigator looked into things. She said she thought Mr R1's change in occupation was a fundamental change in the risk Admiral had agreed to and so it was fair to request an additional premium. She said she thought Admiral had calculated the additional premium due correctly and fairly.

Mr R1 didn't agree with our investigator. He said he didn't think the increase in premium applied due to a change in occupation was reasonable, nor had it been appropriately explained.

I issued a provisional decision about this complaint and I said:

*'I want to acknowledge I've summarised Mr R1's complaint in less detail than he's presented it. I've not commented on every point he has raised. Instead, I've focussed on what I consider to be the key points I need to think about. I mean no discourtesy by this, but it simply reflects the informal nature of this Service. I assure Mr R1 and Admiral I've read and considered everything that's been provided.'*

*I'm also aware in its final response of 31 January 2025, Admiral addressed other complaint points Mr R1 had raised. However, Mr R1 has only asked this Service to consider his complaint about the additional premium he's been charged due to the change in his occupation, so this is what I've focussed my decision on.'*

*I can see from the motor proposal confirmation Mr R1's policy cover began on 23 June 2024 and Mr R1's occupation was listed as a student. During a claim Admiral became aware Mr R1's occupation had changed and so has applied an additional premium, backdated to 27 June 2024. So, I'm satisfied the additional premium Admiral have applied has been applied mid-term rather than at the start of the policy.*

*The terms of Mr R1's policy explain he is required to tell Admiral if any information on the motor proposal confirmation changes and this may result in an additional premium. The motor proposal confirmation also explains Mr R1 should contact Admiral if any information contained on the form changes. So, I think the policy terms do allow Admiral to make changes to the premium mid-term.*

*However, the contract Admiral have agreed with Mr R1 is an annual one, and I don't think it's unusual to expect some minor changes within the policy year which don't fundamentally alter the risk it has agreed to cover. So, I would only consider it reasonable for Admiral to apply an additional premium mid-term if the change is a fundamental change in the risk it has agreed to cover.*

*Based on the evidence provided, I don't think Admiral have demonstrated Mr R1's change in occupation represents a fundamental change in the risk it agreed to cover. Mr R1 was living at the same address, driving the same vehicle and the annual mileage covered hasn't changed. Mr R1 also isn't using his vehicle as part of his new occupation, nor has it been shown his new occupation involved any additional driving compared to when he was a student. I'm also aware Admiral have applied a separate additional premium to include commuting, a change which Mr R1 has accepted.*

*I asked Admiral to explain why it considered Mr R1's change of occupation to be a fundamental change in the risk it agreed to. And whilst it has provided a detailed breakdown of the additional premium due and why this has been calculated fairly, it hasn't provided me with persuasive evidence to show it was reasonable for it to consider Mr R1's change in occupation as a fundamental change in the risk it agreed to cover.*

*As I don't think Admiral have demonstrated Mr R1's change in occupation is a fundamental change to the risk it agreed to insure, I don't think it was reasonable for it to apply an additional premium mid-term. It should therefore reimburse Mr R1 the additional premium it charged him mid-term for the change in his occupation. It should also pay 8% per year simple interest on this amount calculated from the date Mr R1 paid this amount to Admiral to the date it is reimbursed to him.'*

Mr R1 accepted the provisional decision. He said he has now renewed his policy but there are two active non-fault claims due to Admiral not dealing with them within a reasonable period of time. He also said he's paid a premium toward his new occupation on the new policy. Admiral didn't provide any further evidence or arguments for me to consider.

### **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've reached the same outcome to the one I reached previously for the same reasons set out in my provisional decision.

I want to make clear that my decision is that it was unreasonable for Admiral to charge an additional premium for Mr R1's change of occupation mid-term. This doesn't mean Admiral

are unable to take Mr R1's occupation into consideration at renewal when deciding the premium due as this is a new contract of insurance. But if Mr R1 is unhappy with the premium he has been charged by Admiral at renewal he would need to raise this with Admiral in the first instance.

In its final response of 31 January 2025 Admiral said as a third-party insurer was intending to hold him at fault for an accident it had a duty to open a claim and investigate it. It said any incident recorded on the policy would be rated on but if the claim is later withdrawn, he should contact it to see if any overpaid premium can be refunded.

At the time Admiral issued Mr R1 with its final response in January 2025, I think it was reasonable Admiral had an open claim against Mr R1's policy. It's clear the third-party's insurer were looking to hold Mr R1 at fault for an accident and so it was necessary for Admiral to have the claim open whilst investigations were ongoing. So, I don't think Admiral could have closed this claim at this stage.

If Mr R1 is unhappy with the way this claim was handled following Admiral's final response of 31 January 2025 he can raise this with Admiral as a new complaint. Similarly, if he's unhappy with the way Admiral has dealt with the other claim he has mentioned, he can also raise this as a new complaint.

### **My final decision**

For the reasons I've outlined above I uphold Mr R1 and Mr R2's complaint about Admiral Insurance (Gibraltar) Limited. I require it to:

- Reimburse Mr R1 and Mr R2 the additional premium it applied mid-term to reflect Mr R1's change in occupation.
- \*Pay 8% per year simple interest on this amount calculated from the date Mr R1 and Mr R2 paid this amount, to the date it is reimbursed.

\*If Admiral Insurance (Gibraltar) Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr R1 and Mr R2 how much it's taken off. It should also give Mr R1 and Mr R2 a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R1 and Mr R2 to accept or reject my decision before 23 October 2025.

Andrew Clarke  
**Ombudsman**