

The complaint

Ms C has complained that Advantage Insurance Company Limited raised her motor insurance policy premium during the policy period.

What happened

In December 2024, Ms C bought a motor insurance policy underwritten by Advantage through an online comparison website. In June 2025, Advantage wrote to Ms C saying they checked the details she gave when taking out the policy and found a mistake. So, they changed her employment status from 'retired' to 'independent means' and charged her an additional premium of £182.33 (including an administration fee).

Ms C complained to Advantage, saying she's not currently employed and lives off private income/investments – and that she qualified as retired since she's not employed nor seeking employment. She told them she wants the additional premium refunded.

Advantage sent a final response in June 2025, not upholding the complaint. They said the change in Ms C's policy was necessary to align with the terms and conditions agreed upon with them.

Ms C still wasn't happy so referred the complaint to our Service. Our Investigator upheld the complaint. He didn't think Ms C made a misrepresentation when taking out the policy and said Advantage should reimburse her the additional premium and pay £100 compensation.

Advantage didn't agree and the complaint has come 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 upholding the complaint for roughly the same reasons as the Investigator. I've explained why below.

As ours is an informal service, I'm not going to respond to every point or piece of evidence Ms C and Advantage have provided. Instead, I've focused on what I consider to be key or central to the complaint. But I'd like to reassure both that I have considered everything submitted.

Advantage said Ms C answered incorrectly about her employment status when taking out the policy. This would be considered a misrepresentation, and the relevant law is The Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA).

CIDRA requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract (a policy). The standard of care is that of a reasonable consumer. If a consumer fails to do this, the insurer has certain remedies provided the misrepresentation is – what CIDRA describes as – a qualifying one. And for it to be a qualifying misrepresentation the insurer has to show it would have offered the policy on

different terms or not at all if the consumer hadn't made the misrepresentation.

CIDRA sets out a number of considerations for deciding whether the consumer failed to take reasonable care. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless, or careless.

Advantage have implied Ms C failed to take reasonable care when she gave her answer about her employment.

The question Advantage asked was "What is the driver's employment status?" And it gave the option to select 'employed', 'self-employed', 'retired', or 'other'. Advantage have shown the following:

- Under 'other' there is an option for Ms C to select her 'main employment status' and one of those options is 'independent means'. It defines this as living on resources or income received from sources other than employment or government benefits.
- Under 'retired', Ms C will have seen one further question: "Does the driver have any other employment?" with options for yes or no. 'Retired' isn't defined here.

Ms C answered 'retired' – and her employment status and primary occupation are listed as retired in the policy Statement of Fact.

For Advantage to show Ms C failed to take reasonable care not to make a misrepresentation, they would need to show a reasonable person would have answered the above question in a different way. They've argued that a reasonable person would consider a retired person being at the retirement age of 65 or living off a government pension – and have said there's a distinct difference for them between 'retired' and 'independent means'.

Advantage said there was an information icon that Ms C could have clicked on that shows more information. This said if more than one of the options applied, pick the one that you do most.

Ms C has confirmed her main occupation previously was an occupational therapist but now lives off inheritance and investments. As the Investigator pointed out, Ms C wasn't given a definition of retired when she was asked the question about her employment. Nor was there an option for someone who considers themselves semi-retired. A reasonable person might consider someone is retired when they finish their career or aren't working anymore, which is a description Ms C fits. To be retired, a person doesn't necessarily need to be at state pension age – it's well known that someone can retire early if they have the financial means to do so. And it's possible for a person to draw on their private pension from the age of 55.

Advantage have shown evidence that Ms C has looked at quotes for both 'independent means' and 'retired'. Our Investigator asked her why she did this, and she said she didn't know the difference between the two as both applied – she said she's both retired while not working *and* retired while living off independent means. Although Advantage aren't wrong that inheritance and investments are independent means, I think it's also reasonable for Ms C to consider her situation as being retired in the circumstances – as she was no longer working what she considered her main occupation, she wasn't employed elsewhere, and she doesn't seem to be intending to take up further full-time employment.

Overall, I'm not satisfied Advantage have shown Ms C failed to take reasonable care under CIDRA when taking out the policy. Since I don't think Ms C made a misrepresentation under CIDRA, it follows that I don't think it was fair for Advantage to charge Ms C any additional premium mid-term. To put things right, Advantage should refund the additional premium and 8% simple interest for the time she has been without it.

Having listened to a call between Advantage and Ms C, I agree Advantage's unfair premium increase has frustrated her and has caused some inconvenience – I think £100 is a fair and reasonable amount of compensation to make up for this distress and inconvenience.

My final decision

I uphold this complaint and direct Advantage Insurance Company Limited to pay Ms C:

- £182.33 for the unfair increase in premiums.
- 8% simple interest on this amount calculated from the date they charged her until the date of settlement*.
- £100 compensation for distress and inconvenience.

*If Advantage considers that they're required by HM Revenue & Customs to deduct income tax from that interest, they should tell Ms C how much they've taken off. They should also give her a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 16 January 2026.

Andrew Wakatsuki-Robinson
Ombudsman