

## The complaint

Mr C has complained First Central Underwriting Limited charged him an unfair amount for his motor insurance policy.

## What happened

On 22 June 2025, Mr C bought a motor insurance policy underwritten by First Central on a price comparison website. When First Central saw proof of his 17 years' No Claims Discount (NCD), they saw he was using it for two separate policies. So, they removed the NCD from the policy they were underwriting and amended his premium accordingly. Mr C paid the difference – plus an administration fee.

Mr C later searched online and found he could get a policy with First Central for less than he paid. So, he complained to them.

First Central responded to Mr C's complaint saying that had he disclosed his NCD correctly when purchasing the policy, the additional cost would have been included from the beginning.

Mr C wasn't happy so complained to our Service. He said he wanted his premium reduced to the price he found later and refunded the difference.

The Investigator upheld the complaint, saying she needed to be confident that Mr C's premium was calculated fairly without mistakes, and that he was treated no differently to any other customer in the same circumstances – but she said First Central failed to provide sufficient information showing this. She recommended First Central pay Mr C the additional premium he was charged when they learned about his NCD.

First Central disagreed with the Investigator's findings and the complaint came to me to decide. I wrote a provisional decision not upholding the complaint. Its findings form part of this final decision, so I've copied them in below. I also invited any further comments or evidence before I issued a final decision. I said the following:

*As ours is an informal service, I'm not going to respond to every point or piece of evidence Mr C and First Central 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.*

*Was it unfair for First Central to take action after learning Mr C had used his NCD on two policies?*

*Before considering any price increase, I've thought about whether it was fair for First Central to take any action at all. First Central said Mr C answered incorrectly about his NCD 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.*

*First Central has implied Mr C failed to take reasonable care when he gave his answer about how many years of NCD he had. The question First Central asked was: by the time the policy begins, how many years of no-claims bonus will Mr C have?*

*Mr C said there wasn't anything to show that he should only use the NCD for one policy. But under the question, there was more information which stated that the NCD could only be used on one vehicle at a time. I think clear information was provided to help Mr C answer the question correctly: that any NCD can only be used on one vehicle at a time. And by answering that he had 17 years of NCD when he shouldn't have, I'm satisfied he failed to take reasonable care. I've seen that First Central would have offered the policy on different terms if he'd answered correctly, so I'm also satisfied Mr C made a qualifying misrepresentation.*

*First Central isn't disputing that Mr C made a simple mistake when answering this question, so I'm satisfied it was reasonable of them to treat the misrepresentation as careless (as opposed to reckless or deliberate).*

*Having Mr C pay the shortfall in premium between what he paid and what he would have paid had he answered correctly isn't a remedy available to First Central under CIDRA. First Central also gave Mr C the option to have the policy cancelled – which is in line with what I would reasonably expect them to do under CIDRA. But Mr C has agreed to pay an increase in premium to keep his policy in place. And I'm satisfied this isn't an unfair outcome for Mr C as it was his choice – and First Central carrying out a remedy available to them under CIDRA would have been a worse outcome for him in the circumstances.*

#### *Was the amount First Central charged unfair?*

*When looking at complaints about insurance pricing, the role of our Service isn't to tell an insurer what they should charge or to determine a price for the insurance they offer. That's a commercial judgement and for them to decide. But we can consider whether we agree a consumer has been treated fairly – this involves thinking about whether there's anything which demonstrates someone has been treated differently or less favourably than other customers. If we think someone has been treated unfairly in this way, we can set out what an insurer needs to do to put things right.*

*Mr C's policy says it's his responsibility to establish and confirm to First Central the correct information. And if they accept a change to Mr C's policy, he may have to pay an extra premium to the insurer. As I've established, I don't think it's unfair for First Central to rely on this term rather than the remedies available under CIDRA.*

*I can see Mr C paid a premium of £160.60 (not including the administration fee of £50) when he took out the policy on 21 June 2025. When changing the premium to include no NCD, I can see he was charged an additional premium of £149.76 (plus another administration fee) when the no claims bonus was corrected.*

*First Central have provided our Service with confidential information to show how Mr C's price was calculated. I'm afraid I can't share this with him because it's commercially sensitive, but I've checked it carefully. I understand why the Investigator thought First Central hadn't explained how they applied their underwriting criteria – I've had to calculate the correct price myself from the data they gave us. Having done so, I'm satisfied the price Mr C's premium was adjusted to was calculated correctly and fairly and I've seen no evidence that other First Central customers in Mr C's position will have been charged a lower premium in the same circumstances.*

*I appreciate Mr C found a cheaper price for a policy with First Central when looking online on a different date and I can understand why it would be frustrating. But First Central have explained that their underwriting rates may change daily as they use a live system. And that because of this, the price when Mr C first took out the policy and when he searched later may have been based on different underwriting criteria. It's not uncommon for prices an insurer chooses to charge and the rates they apply to be subject to regular change as it will depend on their appetite for risk at the time a consumer enquires. I've found First Central priced Mr C's policy fairly for the time he took it out, and I won't be directing them to match the later rate Mr C saw online.*

*I've only considered whether it was unfair for First Central to charge Mr C an additional premium, not whether charging the additional administration fee was fair. From what I can see, the fees are charged by the insurance intermediary (not the insurer) and are arranged under a separate contract in Mr C's policy.*

Mr C responded to my provisional decision. He accepted there was a mistake when he applied for the insurance policy and expected to be charged an additional amount. But he still didn't accept that the amount charged was fair and gave further explanations why. I'll comment on his response below.

First Central didn't respond 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.

In summary, Mr C responded to my provisional decision with the following points:

- Mr C had never owned two cars before, and the one car rule was unknown to him. The information about the NCD only applying to one car was hidden and he didn't think he needed to click to reveal the information based on the wording of the question asked.
- Mr C could have accepted First Central's offer to cancel the policy, but they only contacted him about this one day before the cooling off period was due to end. And since he was at work, he couldn't shop around for new policies on a car he'd driven to work.
- The amount First Central charged him was unreasonable because, on some days, when he entered the same criteria without his NCD through online comparison websites, he found much cheaper prices for the same type of policy.
- First Central used terms like 'underwriting criteria' and 'live systems', but, as a consumer, these terms mean nothing to him, and First Central haven't explained how they apply. Mr C asked what possible variables could change in two weeks that

require such a large difference in premium.

After carefully considering Mr C's responses, he'll be disappointed to hear I won't be changing the outcome of my decision. I'll explain why.

I think the question First Central asked was reasonably clear and a reasonable person who has recently obtained a second car would choose to read the additional information under the question in the circumstances. I haven't changed my position that I think Mr C failed to take reasonable care when answering the way he did. I set out in my provisional decision why Mr C made a qualifying misrepresentation – and I haven't been persuaded otherwise.

Under CIDRA, First Central could have chosen to cancel the policy or keep it going and settle any future claims proportionately. These options would have left Mr C in a worse position than what happened – which is paying an additional amount to make up the premium. I appreciate Mr C didn't have much time to decide between cancelling the policy or paying the additional amount before cancellation fees would have been applied under the policy terms, but I find the options First Central gave him were fair remedies for the misrepresentation he made.

Underwriting criteria is the set of information an insurer relies on to determine if they'll insure someone and how much their policy should cost. And a live system here is where underwriting criteria (and pricing) might change depending on constantly changing data. It can mean the same circumstances generate different premiums from one day to the next, like Mr C has seen. It might be that if Mr C took out the policy on a different day, he could have paid much less for his premium. But I'm not making a finding on the system itself First Central relies on – I've only considered whether the price Mr C's premium was adjusted to was calculated correctly and fairly and whether other customers in Mr C's position will have been treated the same way as him. I appreciate Mr C wants to see evidence of his premium being priced correctly, but, as I mentioned, this is commercially sensitive information that I'm unable to share.

Having considered what Mr C said, I haven't changed my position that First Central priced his policy fairly for the time he took it out, and I won't be directing them to match the rate he found online later.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 4 February 2026.

Andrew Wakatsuki-Robinson  
**Ombudsman**