

The complaint

Mrs M has complained First Central Underwriting Limited raised her motor insurance policy premium after the policy had started.

What happened

In June 2025, Mrs M took out a motor insurance policy underwritten by First Central through a comparison website – the policy period began in July 2025. In August 2025, First Central asked about her occupation, and she confirmed she was the creative director of her design company. Because of this, First Central changed Mrs M's occupation on her policy from designer to creative director. They also noted an incident that happened in January 2024 and added this as a 'fault claim'. Because of these changes, they increased the amount she had to pay for her policy by £212.33.

Mrs M complained to First Central as she was unhappy with the change in premium. She told them she wanted this refunded. First Central responded that the incident should be recorded both as a notification and that she is at fault since there was no third-party to recover any potential costs from. And that the occupation change was made based on what she confirmed to First Central over the phone.

Mrs M referred her complaint to this Service. First Central told us the incident shouldn't have been recorded as 'at fault' and made an offer to remove this and refund around £119. An Investigator looked into what happened and said First Central's offer was reasonable. But she thought the increase in premium for the change in occupation was fair. Mrs M disagreed, maintaining that she wanted First Central to reinstate the premium before it was increased. The complaint couldn't be resolved so it came to me to decide.

I told First Central that I would be considering whether Mrs M made a misrepresentation when answering the question about her occupation (which I will explain in more detail later in this decision). I said I could see on the statement of fact that she told First Central she was a graphic designer and that, from the information I had, it doesn't seem to be incorrect – and that a reasonable person could have answered in that way. I said unless First Central sent me information which reasonably explains why Mrs M answered the question about her occupation unreasonably, I would be upholding this element of the complaint. I also explained why I thought First Central should pay £600 compensation. I sent a copy of this correspondence to Mrs M.

Mrs M told me she answered the occupation question to the best of her knowledge and in good faith when taking out the policy. First Central didn't respond.

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. I'll explain why.

As ours is an informal service, I'm not going to comment on every point or piece of evidence Mrs M and First Central sent us. 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.

First Central said Mrs M answered incorrectly about her occupation 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 have implied Mrs M failed to take reasonable care when she gave her answer about her occupation. I haven't seen the question Mrs M was asked when she took out the policy. But I see on the Statement of Fact she needed to fill in her occupation and business. Mrs M answered 'Graphic Designer' and 'Design Consultancy' respectively.

For First Central to show Mrs M failed to take reasonable care not to make a misrepresentation, they would need to show a reasonable person would have answered the relevant questions in a different way. First Central told Mrs M her occupation is 'Creative Director' as she confirmed this to them. It's not in dispute that Mrs M is a creative director, but in this case, I think she is both a creative director *and* a graphic designer. And I think reasonable person could answer the question in the way Mrs M did. So, I'm not satisfied First Central have shown Mrs M failed to take reasonable care under CIDRA to not make a misrepresentation when taking out the policy.

Since I don't think Mrs M made a misrepresentation, it follows that I don't think it was fair for First Central to take any action. So, I think it was unfair for them to charge her an additional premium mid-term.

I was pleased to see First Central acknowledged the notification Mrs M made about the tree that fell on her vehicle shouldn't be recorded that she was at fault as there were no costs to recover. As First Central offered, I direct them to remove the fault claim from internal and external databases and record it as 'notification only'.

Since I don't find it fair for First Central to have increased Mrs M's premium for either the change in occupation or the incident in January 2024, I direct them to pay Mrs M the £212.33 they added mid-term. First Central should also pay Mrs M 8% simple interest for any amount she has already paid.

As First Central will know, we consider how a business' failings have impacted a customer based on their individual circumstances. For Mrs M, First Central's unfair actions came at a particularly difficult period of her life. She explained she was providing end-of-life care for her father and ongoing care for her disabled mother – all while raising two young children and managing work. I think the ongoing unnecessary inconvenience caused would have caused significant distress to Mrs M and distracted her from important time with her late father. With this in mind, I'm directing First Central to pay Mrs M £600 compensation.

My final decision

I uphold this complaint and direct First Central Underwriting Limited to:

- Pay Mrs M £212.33.
- Pay Mrs M 8% simple interest on any increased payment Mrs M paid as a result of overcharging on the premium from the dates they were paid until the date they pay her back*.
- Remove any record of Mrs M being 'at fault' for the incident in January 2025 and record what happened as 'notification only' on internal and external databases
- Pay Mrs M £600 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 20 March 2026.

Andrew Wakatsuki-Robinson
Ombudsman