

The complaint

Mr F complains First Central Insurance Management Limited (First Central) charged an unfair fee when a change was made to his motor insurance policy.

What happened

After using an online comparison site to obtain quotes for a motor insurance policy, Mr F bought a policy with First Central.

First Central contacted Mr F to check the details he had provided about the annual mileage shortly after the policy started. He clarified the mileage and use of the car and it was agreed this needed to be amended. The change was made, and he was charged an additional premium of £34.20, plus a £50 administration fee.

Mr F complained about the administration charge. He said if he'd been able to make the change online he would not have incurred the £50 charge, however his online account had been locked so he had been unable to make the change online.

Because Mr F was not happy with First Central, he brought the complaint to our service.

Our investigator upheld the complaint. They looked into the case and said they didn't think First Central were able to demonstrate to how Mr F failed to disclose his business mileage correctly. They said it should refund the £50 administration fee charged and pay £50 compensation to apologise for the inconvenience caused.

As First Central is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

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.

When First Central conducted its validation checks on Mr F's motor insurance policy it said it found he had entered a higher mileage on the price comparison site, but then took out a policy with a total of 5,000 miles declared. Therefore, it contacted him to check it had the correct mileage information.

I listened to the call between Mr F and First Central, he said he thought the initial higher mileage used when obtaining the quotes (10,000), was the number set by the price comparison site at the start. He explained because he knew he would not drive as many annual miles as this, he reduced it. He confirmed 1,000 business miles was probably correct and gave a full and reasonable explanation as to how he used his car on a day to day basis and how he came to 1,000 business miles. He hadn't included commuting miles in this calculation. First Central explained it counted commuting as business mileage and not personal mileage.

Mr F said on the online comparison site it appears to separate commuting and business mileage. He said he was unaware there would be a mismatch between First Central and the price comparison site. I checked the questions on the price comparison site and it does separate business use mileage from that of social and commuting so I can understand why he thought he had recorded the mileage correctly. I have not seen any explanation regarding business mileage in First Central's documentation. I think Mr F took reasonable care to declare his mileage as was described on the price comparison website.

Using First Central's classification of business miles, the estimated business miles recorded on Mr F's policy documentation were incorrect. However, based on the evidence provided, I'm not persuaded he adjusted his mileage in order to lower the price of his policy premiums when obtaining quotes on the online comparison websites. He provided clear and reasonable explanations as to why he had selected 1,000 miles.

During the phone call, Mr F checked some paperwork and said he'd completed a total of 5,500 miles in the previous year. After some consideration he said based on First Central's classification of business miles including commuting, 4,000 business miles would be more appropriate. He said he would rather be covered for more miles than not enough, and by increasing it to 4,000 business miles it would cover him if he took on additional work. First Central did not ask him if he wanted to reduce his pleasure mileage due to the increase in business mileage. The amendment was completed by First Central's adviser whilst he was on the phone and he was told there was a cost of £84.20 to make the change which included a £50 administration fee, and he paid this in full.

First Central said in the terms and conditions of the policy it says if it *needs to amend or cancel a policy due to misrepresentation and/or non-disclosure then the customer will be charged a £50 fee*. Mr F complains that had he been able to adjust the mileage online he would've only had to pay the cost of the increase in his policy premiums and not the £50 administration charge.

In this case I am not persuaded there was a misrepresentation. Mr F declared a mileage of 5,000 which based on information from his MOT records was close to the mileage he had completed the previous three years. The annual business mileage was increased after the validation check phone call highlighted a mismatch in business and pleasure miles. And it was Mr F who suggested the increase to business miles to accommodate any potential increase in the future. Because I'm not persuaded there was a misrepresentation I therefore don't think it was reasonable for First Central to charge him a £50 fee.

Therefore, I uphold Mr F's complaint.

Putting things right

I require First Central to refund him the £50 administration charge. I also require it to pay £50 compensation to apologise for the distress and inconvenience caused.

My final decision

For the reasons I have given I uphold this complaint.

I require First Central Insurance Management Limited to

- Refund the £50 administrative fee charged.
- Pay £50 in compensation to apologise for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 5 May 2026.

Sally-Ann Harding
Ombudsman