

complaint

Mr M and his representative complain about the additional premium Liverpool Victoria Insurance Company Limited ("LV") charged when he changed the vehicle on his motor insurance policy.

background

LV charged Mr M an additional premium when he substituted a vehicle on his motor insurance policy. It was the same make and model vehicle and of a similar age to that insured previously. Mr M says that he spoke to LV a number of times before making the change but was not told there might be a large additional premium to pay even if the new vehicle was similar to that insured previously. He says he was just told to tell LV of the new registration number. LV said that the additional premium was due to an accident Mr M had been involved in but later said it was because of the length of time he had owned the new vehicle. Mr M and his representative are unhappy with the situation.

Our adjudicator did not recommend that the complaint should be upheld. In summary, he considered that:

- LV's underwriter has confirmed that the additional premium was due to the age of the new vehicle and the time it had been owned. Whilst the new vehicle was the same age as the old one it had only just been bought and not owned by the family for over ten years as had the previous one. It was similar but not identical to the previous vehicle. This difference led to the premium increasing.
- We are not a regulator and cannot tell LV how to run its business including what premium it should charge to insure a particular risk. LV was entitled to use its legitimate commercial judgement when setting a premium.
- In the calls with LV there is no mention or warning of any additional premium until Mr M called to put the new vehicle on risk. It may be good customer service to warn about increased premiums when substituting one vehicle for another but LV was not obligated to do this. He was not persuaded that LV's staff intentionally misled Mr M.

In summary Mr M's representative does not consider LV has treated Mr M fairly. They were not made aware that the length of ownership would affect the premium. They have been misled. His renewal quote has increased significantly. There is a missing phone call. His representative has requested an ombudsman review.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Having done so, I agree with the conclusions reached by our adjudicator for broadly the reasons given.

LV is entitled to decide for itself how it calculates a premium, the factors it takes account of in doing so and the weight it gives to each factor. Once LV became aware of the change of vehicle it was entitled to apply its underwriting criteria to determine if Mr M's premium should increase. It is entitled to take the length of ownership of the vehicle into account if it wishes to do so.

In asking for an additional premium I consider that LV was legitimately exercising its commercial judgement as it was entitled to do.

Although LV could have been more forthcoming about the general possibility of an additional premium becoming due if a vehicle substitution took place it was not obliged to disclose this or its underwriting criteria to Mr M. It is suggested that there is a missing material phone conversation. But even if there is and a recording could be found, I do not consider it would alter the outcome or LV's position about what it was obliged to disclose to Mr M.

I am also not persuaded that LV deliberately misled Mr M or that it is reasonably practical to expect its operatives to have outlined to him or his representative all the circumstances when an additional premium may apply particularly before a substitute vehicle's exact details were known.

In any event, if Mr M considered that the additional premium quoted by LV or the renewal quote were too high, he was, and is, free to seek out lower quotations from other motor insurance providers, if he wishes to do so.

Overall, although I recognise Mr M's representative's strength of feeling, I see no compelling reason to change the proposed outcome in this case.

my final decision

My final decision is that I do not uphold this complaint.

Stephen Cooper
ombudsman