

The complaint

Mr E complains about how U K Insurance Limited trading as Churchill ("UKI") handled the pricing and cancellation of his motor insurance policy.

What happened

Mr E had a motor insurance policy with UKI covering his car. In about June 2022 his car was involved in a collision. Liability for the collision continues to be disputed by the third party.

The policy renewed in late October 2022 and his premium increased.

Mr E paid for his policy by instalments at about £112.65 per month.

On 26 January 2023 he replaced the car and called UKI to change his policy. The premium for the new car was much higher than he thought it should be, and he asked to cancel his policy immediately.

UKI told him that it was cancelled. It then took two further payments from him in February and March at a total cost of about £225.30 including its charge for instalments.

Mr E complained about the premium he'd been paying from October. He says he obtained quotes from UKI's website that were much cheaper and based on the same policy details.

He also complained about UKI's process when he cancelled his policy as it wasn't able to clarify exactly how much he would receive.

It later emerged that UKI hadn't cancelled his policy, and only processed this on 17 March, backdating it to 26 January.

Mr E later complained that UKI continued to chase him for payment. This part of his complaint doesn't form part of this decision because UKI hasn't responded to it yet.

UKI looked into his complaint and upheld it. It said it hadn't kept Mr E updated about his claim well enough, or cancelled his policy when he'd asked for it. It said it would pay Mr E £300 compensation for its poor service.

Mr E brought his complaint to this service. Our investigator looked into it and didn't uphold it. She thought UKI had done enough in realising its error and offering compensation to Mr E.

Mr E didn't agree with the view. He asked that his complaint was reviewed by an ombudsman, so it has been passed to me to make a final 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.

Having done so, I'm not going to uphold it and I'll explain why as I know this will come as a

disappointment to Mr E.

Firstly, I've thought about Mr E's complaint that he was being overcharged for cover. I can see in the file that there's been significant correspondence between this service and Mr E about this. I can understand Mr E's frustration. He points out that he's been a loyal customer of UKI for a decade and feels that his loyalty means that new customers get a better deal than his. He's said he was able to get a premium much lower than his using the same details around December 2022.

I've looked at UKI's evidence on this point. It sent this service some information from its internal underwriting system which shows me that Mr E paid a rate close to the rate that would have been accessible to a new customer, with the same information he had, at the time his policy renewed. I can't share this information with him as it's commercially sensitive. I know Mr E disagrees with this point as he says he would have been able to get this rate if he'd asked at the time, but that's why the premium is sensitive as it was only available at that point.

It might be helpful if I also mention to Mr E that the collision in which he was involved, and in which I can see he was hit in the rear, couldn't be settled as non-fault because the third-party disputes it. What 'non-fault' means here is whether UKI is able to recover its costs from a third party.

The consequence of that is UKI had to price Mr E's renewal price according to the evidence it had. So because it's still regarded as a 'fault' claim, Mr E's premium would have been higher.

Mr E has also mentioned his cover for protected No Claims Discount (NCD) which he was paying an additional portion of his premium towards. NCD protection doesn't stop the premium changing. Instead it protects the discount that applies to the premium. So the collision being a 'fault' one at renewal affected his premium, but the protected NCD he had stopped the premium being potentially even higher.

Taking all this into account, I don't think UKI has acted unfairly in the way it calculated his premium.

When Mr E cancelled his policy on 26 January, it seems that UKI didn't actually carry this out. It doesn't seem to have realised this until 17 March and it continued to take payment. This is very poor service as it wrote to Mr E and told him it had carried out his instructions, when in reality he was still on cover.

I've looked at the explanations of the payments Mr E has been making and UKI's communications with Mr E aren't very good or clear. I feel UKI could, at any point, have explained things in a much better way to Mr E and he'd be much clearer about what was happening. Instead UKI seems to have simply carried on and at one point claimed to this service that Mr E had actually paid a very small amount for three months cover, when the reality was UKI had made a further error.

I've thought about the impact of this on Mr E and I can see he's written several times to this service about the amount he's expecting to get from UKI. Having done so, and when I compare the impact of it with this service's guidelines on compensation, I think UKI's offer of £300 compensation is fair and reasonable, and I'm not going to ask it to pay more.

I'd also like to offer Mr E my best wishes.

My final decision

U K Insurance Limited trading as Churchill has already made an offer to pay £300 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that U K Insurance Limited trading as Churchill should pay Mr E £300 if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 3 November 2023.

Richard Sowden
Ombudsman