

The complaint

Mr C and Mrs C complain about the premium increase quoted by Tesco Underwriting Limited for their motor insurance policy when it was put in Mrs C's name. They want it to reduce the premium to its original offer.

What happened

Mr C obtained a quote from Tesco to insure his car. Two weeks later, a quote was provided with Mrs C as the policyholder so that she could retain her No Claims Bonus (NCB). This quote had a 60% increase in premium and Mr C and Mrs C thought this was unfair as the details had remained the same.

Our Investigator didn't recommend that the complaint should be upheld. He thought premium prices could fluctuate, even over two weeks. And the policies offered were for different people with different driving histories. So he thought Tesco hadn't treated Mr C and Mrs C unfairly or unreasonably. He also thought they could have shopped around for a cheaper quote if they wished to do so.

Mr C replied that he thought Tesco should provide evidence that he was a lower risk and justify the premium increase. Mr C said they couldn't shop around because they were already on cover with Tesco.

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.

I can understand that Mr C and Mrs C felt frustrated that Mrs C was charged a higher premium when she, rather than Mr C, was the policy holder for their car. It's not our role to tell an insurer how to price their policies or what factors they should consider when calculating a risk. However we need to make sure the insurer is applying a fair and consistent approach to all consumers.

When calculating a premium, an insurer will take into account a number of different things which we call a "rating factor". A rating factor is a material fact about the policyholder (like their age or occupation) but, as Mr C and Mrs C are aware, they can't be discriminatory in nature (for example gender) and details about the thing they're insuring.

Insurers regularly update how they rate the risk of consumers. And their rates continually change. Tesco has provided us with an explanation of why Mrs C's premium was higher than Mr C's. This wasn't an amendment of an existing policy. Mrs C took out a new policy with Tesco, albeit for the same car and with many identical factors.

But the policy was taken out two weeks later for a different person with a different driving and insurance history. The premium was calculated from live claim statistics. Insurance premiums fluctuate and so there's no guarantee the price would remain the same after two weeks.

So I can't see that Tesco treated Mrs C unfairly or unreasonably. I can't see that Tesco has broken any relevant regulations or acted outside standard industry practice. And I can't see

that Tesco has treated Mrs C differently to any of its other customers. And so, as this isn't something that I would normally interfere with as it is a legitimate exercise of its commercial judgement, I don't require Tesco to refund any premium to Mrs C.

Mr C has told us that his choices were limited as his policy with Tesco had already started. But this isn't accurate. Mr C had taken out a policy with Tesco for this car (replacing a multi-car policy), but this was cancelled when Tesco wouldn't accept Mrs C's NCB when he was the policyholder. So I think Mr C and Mrs C still had the option to look for alternative cover elsewhere if they chose to.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr C to accept or reject my decision before 1 March 2024.

Phillip Berechree
Ombudsman