

The complaint

Mr S complains that Skyfire Insurance Company Limited (Skyfire) unfairly increased his premium at renewal, requested documentation without good reason, and threatened cancellation unless he paid a significant additional sum, under his motor insurance policy.

What happened

Mr S's policy was due to renew in April 2023. He didn't accept the renewal and sought other quotes online. He opted for a cheaper policy with Skyfire. He was then asked to provide information to support the information he'd provided. Mr S thinks this is because he used a comparison site to obtain cheaper insurance with Skyfire.

Mr S says the letters he received were threatening as well as contradictory. He says he was asked to pay £1,295.78, then £97.42 and then told no further action was needed from him. Mr S says he spent a great deal of time dealing with matter. In addition, he says the online portal didn't work and this meant sending information by email which was less secure.

In its final complaint response Skyfire says it requested information from Mr S as its system identified there may be an inaccuracy with his driving licence and address information. It says this proved to be correct as Mr S had provided inaccurate information concerning his driving licence. Skyfire made a mistake when the documents were received. It added the current date as the date Mr S had obtained his driving licence. This resulted in a recalculation of his premium and an increase of £1,295.78.

Skyfire says it amended this mistake and confirmed the correct premium increase was £97.42. This included a £50 administration fee. It apologised for the confusion it had caused Mr S and offered to refund the £50 fee as well as the £47.42 premium increase.

Mr S didn't think Skyfire had treated him fairly and referred the matter to our service. Our investigator didn't uphold his complaint. He says the business did make a mistake with the premium increase but corrected this quickly and offered fair compensation for the impact this had on him.

Mr S disagreed and asked for an ombudsman to consider his complaint.

It has been passed to me to decide.

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 upholding Mr S's complaint. I'm sorry to disappoint him but I will explain why I think my decision is fair.

Skyfire quoted Mr S a renewal price for his policy that came to £528.72. He obtained a cheaper quote for £379.40 through an online comparison website. The policy he chose was

also underwritten by Skyfire. However, I've seen the statement of fact documents for both quotes and there are differences in the information Mr S provided.

The original renewal quote confirms Mr S has an EEC driving licence. Also, that he will cover 8,000 miles in the policy year. In the statement of fact from the new policy, Mr S states he has a full UK driving licence, he will cover 5,000 miles and has a different occupation than stated in his previous policy.

Mr S has an EEC licence. This means the information he provided was incorrect. Given the discrepancy with the details from his previous policy, I don't think Skyfire behaved unfairly when asking him for further documents. This resulted in a small change to the premium, plus the administration fee for making the change.

Skyfire's agent made a mistake when entering the date for when Mr S's licence was issued. The current date was used, which meant Skyfire's system thought Mr S was a new driver. This increased the premium by a significant amount. However, this was rectified straight away, and the correct premium increase was advised and subsequently paid by Mr S.

I can understand that it came as a shock to Mr S when he was asked to pay an additional £1295.78. But Skyfire did correct its mistake and offered to remove the administration fee as well as the additional premium Mr S owed. In these circumstances I think this was fair.

I acknowledge Mr S's comments that he couldn't provide documents via Skyfire's online portal. This meant sending the documents via email, which was a less secure method. I understand this was a worry for Mr S. Skyfire acknowledges Mr S didn't have a smooth customer journey. I agree with what it says given the portal issue and the error it made with the premium increase. But I think Skyfire did enough to put this right by offering to refund the administration fee and the additional premium Mr S owed.

I've thought about Mr S's view that Skyfire acted in a retaliatory way because he obtained a cheaper policy using a comparison website. But I haven't seen any evidence of this. Skyfire requested documentation because of a discrepancy with the information Mr S had provided. This has been shown to be justified.

We asked Skyfire for some more information to show it treated Mr S fairly when calculating his premium. It's shown the main driver for the difference in premium was the reduction in mileage. This reduced the amount of driving Mr S would do by around a third. I can't share the underwriting information Skyfire provided as it's considered commercially sensitive. But I'm satisfied from this information, that it treated Mr S as it would any other customer with the same criteria as him.

I note what Mr S says about the industry regulations preventing Skyfire from charging a higher premium at renewal than a new customer with the same criteria would pay. But I think it's shown that there were differences in the risk criteria that account for the difference in premiums.

Having considered all of this, although I'm sorry Mr S was distressed, I don't think Skyfire treated him unfairly when requesting information from him. It did make a mistake that it was able to rectify quickly. But I think its offer of £97.42 compensation was fair. So, I can't reasonably ask it to do anymore.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 15 February 2024.

Mike Waldron
Ombudsman