

The complaint

Mr J is unhappy with the service provided by U K Insurance Limited trading as Churchill Car Insurance (UKI) after making claims on his car insurance policy.

What happened

Mr J took out a car insurance policy with UKI in August 2022 costing £667.75. In November 2022 Mr J's car was involved in an incident. In May 2023 Mr J's car was involved in a second incident. In August 2023 Mr J paid £1,455.83 to renew his car insurance policy.

In August 2024 Mr J received a renewal invitation quoting £2,174.04 to renew his policy. At the time Mr J's claims from November 2022 and May 2023 remained open. Mr J was unhappy with the lack of progress made by UKI in dealing with these claims, and the impact on his premium as a result. Mr J cancelled his policy on the same day that it was renewed. A few days later Mr J took out a new policy with UKI at a cost of £3,532.30.

Mr J complained to UKI about its failure to progress his claims, and the impact of the open claims on the price of his insurance premium. UKI acknowledged the service provided in respect of both claims had been unreasonable, and avoidable delays had been caused. In recognition of this and the impact on Mr J, UKI agreed to pay Mr J £1,050.

Mr J was unhappy with this response and brought his complaint to the Financial Ombudsman Service. During our process UKI agreed to pay Mr J an additional £250, so a total of £1,300 compensation, in recognition of its poor service.

The Investigator said UKI needed to do more to put things right. The Investigator asked UKI to increase its offer of compensation to £1,500. The investigator also asked UKI to pay Mr J the difference between the renewal premium of £2,174.04 and the policy Mr J took out for £3,532.30. The investigator also said once liability is settled, and if either claim is settled as non-fault, UKI should look to recalculate the premiums paid in 2023 and 2024 and reimburse any differences in the premium, adding 8% simple interest from the date the premium was paid to the date of the refund.

UKI largely accepted these findings, but also said the policy Mr J took out as a new business customer in 2024 included additional optional extras. UKI said in order for it to complete a price match calculation it would need Mr J to confirm what level of cover he needs. Mr J rejected the Investigator's findings saying that he remains unhappy that the claims still haven't been closed, and he is continuing to pay a direct debit each month for his policy which is causing him financial difficulty.

As the complaint couldn't be resolved, it has been passed to me for 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.

I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it has affected what I think is the right outcome.

It's not disputed that UKI failed to manage Mr J's claims properly and in good time. The dispute now relates to the award of compensation that needs to be paid by UKI for its poor service, and the impact on Mr J, and any additional action it needs to take to put things right. So I've focused my decision on these aspects.

The Investigator recommended UKI increase its offer of compensation to £1,500. I've considered all that's happened with Mr J's claim, and the time that has passed since the date of the incidents in November 2022 and May 2023. Mr J has described at length the impact on his well-being, livelihood, and crucially, policy premiums, as a result of the claims being open. I don't dispute what Mr J has explained about the stress and frustration caused to him. Mr J has also referenced the financial difficulties he is in because of the increased premium he has to pay on a monthly basis.

All things considered I'm satisfied £1,500 compensation is fair and reasonable and in line with our approach. This amount reflects the ample opportunities UKI has had to progress Mr J's claim in good time, and the lack of material movement on Mr J's claims for long periods of time. It also reflects the impact Mr J has described, including the stress and upset caused by the open claims and lack of progress, and also the shock and disappointment in being quoted a significantly high premium compared to what he paid for his policy in 2022.

Although I don't dispute the upset caused to Mr J as a result of being quoted a significantly higher premium in 2024 than what he'd previously been paying for insurance, I'm also mindful that the cost of insurance has increased, regardless of any open claims, dramatically in recent times. This is due to several factors, including (but not limited to) the significant increase in repair costs having an impact on the price insurers charge their customers.

For an insurer, there may be hundreds, or even thousands of variables it has to consider when setting a premium – including its own commercial requirements. It's for a business to decide what risks they're prepared to cover and how much weight to attach to those risks - different insurers will apply different factors. That's not to say an insurer offering a higher premium has made an error compared to an insurer offering a cheaper premium – but rather, it reflects the different approach they've decided to take.

This is important for Mr J to understand. As part of this final decision, I will be asking UKI to take further action once Mr J's claims are closed. But Mr J might find that even after the claims are closed, and UKI recalculate the policy premiums for 2023 and 2024 based on the claims being closed, there isn't a difference in the price to the extent Mr J is hoping for.

UKI has agreed to price match against the original quoted premium for the 2024 policy which was £2,174.04. However, UKI has advised that this would only be done on a like for like basis. And I agree that's a fair approach to take.

As it stands, the policy information sent to Mr J for his renewal in 2024 explained that that the cover was comprehensive, the class of use was commuting, and roadside cover had not been included. I have seen that when Mr J purchased insurance some days after cancelling his renewed policy, he purchased a policy which included additional extras. The new policy purchased by Mr J included business use within the class of cover, was a comprehensive plus policy, and included roadside cover. Before UKI complete a price matching exercise, Mr J will need to inform UKI what level of cover he needs. This is fair to ensure the premium charged fairly reflects the benefits Mr J needs from his policy.

Putting things right

U K Insurance Limited is directed to:

1. Pay Mr J total compensation of £1,500 (if any of this amount has already been paid, UKI is directed to pay the outstanding amount only).
2. Complete a price match and pay Mr J the difference between the cost of the premium quoted for renewal in August 2024 of £2,174.04, compared to the £3,532.30 Mr J was charged as a new business customer. Should Mr J agree to this, he would need to respond to UKI's request for information about the level of cover he needs.
3. Following conclusion of Mr J's claims, if either claim is settled as non-fault, UKI should recalculate the premium paid for the policy taken out in August 2023 and August 2024 and reimburse any differences in the premium, adding 8% simple interest from the date the premium was paid to the date of the refund.

My final decision

For the reasons provided I uphold this complaint.

U K Insurance Limited trading as Churchill Car Insurance must follow my directions for putting things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 20 December 2024.

Neeta Karelia
Ombudsman