

## **The complaint**

Ms B has complained that she has been overcharged over a number of years for her HomeCare policy by British Gas Insurance Limited (BG).

References to BG include its agents.

## **What happened**

The background to this case is well known to both parties and has been set out by our investigator in his view, so I won't repeat it again here. Instead I'll focus on giving the reasons for my 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'm not going to uphold Mrs B's complaint and I'll explain why.

This service isn't able to tell insurers how to price their policies. Insurers offer different services and have different assessments of risk. But what we can do is to make sure that an insurer is being consistent and not taking advantage of any particular group of customers. Our role is to make sure that a customer has been treated fairly and in line with how other customers have been treated. For example, we don't think it's fair for an insurer to increase premiums each year just because the customer hasn't responded to the renewal process for some years, and has been loyal to the insurer, which appears to be the case with Ms B.

Insurers constantly update how they rate the risk presented by their customers and their rates continually change. Claims made on a policy, or an insurer amending its view of a particular risk, will impact the premium. It's normal for insurance premiums to increase each year. Although we can't tell an insurer it's charged too much, we do expect an insurer to explain why they have applied the increases that they have each year to demonstrate that they were treating the customer fairly, and not, for example, taking unfair advantage of the fact that they were not comparing renewal quotes in the marketplace.

BG has explained why Ms B's premiums have increased. During the life-time of the policy cover, it gathers additional information on her property, the appliances she has covered, their age and the likely cost of any repairs, and other factors such as the number of previous claims. It uses this information to generate a renewal price that is reflective of the risk being covered. This is reviewed at every renewal and is reflected in the premium charged.

BG has provided this service with confidential business sensitive information to explain in some detail how Ms B's price increases since 2015 were calculated. I've considered this, but I'm afraid I can't share it with Ms B. What I can say is that Ms B's premiums have been calculated by reference to a number of criteria, some of which are fixed and apply to all customers, and some of which are variable and will apply only to Ms B based on her area,

her level of cover, the number of appliances she has under cover, their age, and her claims history.

I'm satisfied that the price Ms B was quoted for each year since 2015 has been calculated by reference to these criteria and that increases in premium reflect identified increases in risk. For example, Ms B's appliances are getting older and therefore more likely to require attention. Ms B has also had at least 22 visits from BG since 2015. IPT has also increased. I'm satisfied that all BG's customers with similar criteria will have their premiums calculated on a similar basis, although no two customers are likely to have identical criteria.

I therefore don't consider that Ms B has been treated unfairly by BG because she has remained loyal to it. I also take into account that BG agreed a discretionary 20% discount on her 2019 renewal premium in order to keep her business as a longstanding customer.

I therefore don't consider it would be reasonable for me to require BG to provide any reimbursement to Ms B

### **My final decision**

For the reasons I've given above, I'm not upholding Mrs B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 3 February 2021.

Nigel Bremner  
**Ombudsman**