

The complaint

Mr and Mrs J are unhappy with the cost of their Zenith Insurance plc home insurance policy.

What happened

Mr and Mrs J have had home insurance for a number of years. It had been provided by a different company from Zenith until 2021 – although the branding of the policy has remained constant throughout.

Mr and Mrs J found the increase in 2021 to be excessive. It had gone up from £300.44 in 2020 to £1,028.25 in 2021. Mr and Mrs J complained about this and Zenith explained that there had been a change in underwriter in 2021 and that was the main reason for the cost increasing.

Mr and Mrs J didn't think that was fair. They also felt it was partly down to the previous underwriter's mismanagement of a claim in 2015. They didn't believe it was fair for that to be classed as a subsidence claim either. Mr and Mrs J say that despite shopping around they haven't been able to find competitive cover anymore.

An investigator here looked into Mr and Mrs J's concerns. They explained that the change in underwriter was the main factor, while also noting that this had led to the loss of a 40% no claim discount that had previously been applied. The investigator said it is up to the underwriter how much they charge.

Mr and Mrs J maintained that this was unfair, so the case 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.

I'm sorry to disappoint Mr and Mrs J, but I don't agree they've been treated unfairly. That's not to say I don't appreciate why they feel that way. It's entirely understandable given their policy increased from around £300 one year to over £1,000 the next.

But I have to consider whether Zenith did anything wrong, and I don't think they have.

In effect, Mr and Mrs J had a policy with insurer X and now they have a policy with insurer Y. So, while they carry the same branding, and are both home insurance policies, they have different terms and conditions. And each insurer has its own way of calculating premiums.

This means that the scenario Mr and Mrs J find themselves in isn't particularly different from if they'd shopped around and got a new policy elsewhere. And while I appreciate it wasn't their choice to change insurer, this only happened at renewal when they were free to shop around – they didn't have to accept the renewal on offer.

Turning to the issue of the claim, there is little I can say about that because this case is about the price charged by Zenith – not the claim handling and classification by the previous

insurer. But, from what Mr and Mrs J have said about the claim I don't think it's wrong for Zenith to consider it to have been subsidence.

I also appreciate that it might be confusing that the subsidence claim, which dates back to 2015, didn't seem to affect the premiums in other years the same way as it might be now. But that goes back to the fact that the policy is now being provided by a different insurance company which has its own way of calculating premiums. That they calculated them in a way which means Mr and Mrs J have seen an increase isn't on its own unfair.

Put simply, different insurance companies charge different prices.

My final decision

It is my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J and Mrs J to accept or reject my decision before 15 March 2022.

Will Weston
Ombudsman