

The complaint

Mr F and Mr O have complained that the insurer AXA Insurance UK Plc continued to charge them a premium for a conviction which was spent since 2015.

Any reference to AXA in my decision includes its agents.

What happened

Mr F and Mr O bought a home insurance policy with AXA in August 2013 and renewed their policy with AXA each year until 2020.

In March 2020 Mr F and Mr O complained to AXA that it had continued to charge them an additional premium for a conviction that became spent in January 2015. They wanted a refund of the difference in premium they'd paid with interest and compensation.

AXA said the increase in premium over the years had been fair and what they would have charged any other customer in the same position. AXA said it removed the conviction in December 2019 but it didn't make a difference to the premium. So it said it didn't owe Mr F and Mr O a refund.

Mr F and Mr O brought their complaint to us. Our investigator thought AXA had acted reasonably.

Mr O asked for evidence of the split between the premium AXA charged with the conviction and without – to evidence it had treated them fairly.

AXA has told us it cannot provide this historical information, but it's fair to say that a rating would have applied for the conviction.

Since the investigator's view, we asked AXA to show the difference in the price it would have charged in today's terms with the conviction and without it – so that we could see what the difference was. AXA has provided screenshots to show the price on both assumptions – and the difference in price is around £30.

AXA said in light of the difference in quotes it was prepared to offer a refund of £120 with interest to Mr F and Mr O to reflect the overpaid premium since 2015.

I issued a provisional decision on 23 February 2022. In light of the difference in premium of £30 a year, I thought AXA should provide a refund, but I thought the number of years meant the refund should be an extra £30 since 2015. So I thought AXA should provide a refund of £150 with interest to Mr F and Mr O.

AXA accepted my provisional decision. But before doing so, it contacted Mr F and Mr O to forward a settlement for the lower amount of £120.

Mr F and Mr O didn't accept my provisional decision. They don't agree that the difference in premium would be only £30. They believe AXA has acted illegally in overcharging them.

So as Mr F and Mr O don't agree, the case has been passed back 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.

Although AXA hasn't been able to provide historic quotes, I think it's more likely than not that AXA did overcharge Mr F and Mr O in the years after the conviction was spent - looking at the difference in quotes in today's terms. I understand Mr F and Mr O believe the difference in premium must have been more. But AXA has provided the available information in today's terms and in the absence of any other information, this is what I've relied on when reaching my decision.

AXA offered to pay £120 with interest. But this reflects four years' premium from August 2015 to August 2018 inclusive. I think the refund amount should be £30 more to include the premium paid at renewal in August 2019, so a total refund of £150.

I understand Mr F and Mr O believe the change should be applied mid-term from the date the conviction was spent.

Insurers set their premium price at the start of a policy year. An insurer sets out what changes it needs to be made aware of mid-way through a policy term in its policy wording and this depends on whether the change significantly affects the risk it took on at the start of the policy. In this case I don't think there is sufficient evidence to suggest that the change in the conviction being spent would materially impact on the policy mid-way, so I don't think AXA has been unreasonable in applying the change at the renewal date.

I appreciate that Mr F and Mr O don't agree – and they can consider separate legal action as they don't have to accept my decision. But I think a fair outcome is for AXA to provide a refund of the difference in premium for the five years after the conviction was spent. I think AXA should pay interest on the refund of £150 at a rate of 8% simple interest a year from August 2015 to the date it pays Mr F and Mr O.

My final decision

My final decision is that I uphold this complaint. I require AXA Insurance UK Plc to refund the difference in premium of £150 to Mr F and Mr O. I require AXA to pay interest on the refund amount from the renewal date of 5 August 2015 to the date it pays at a rate of 8% simple interest a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F and Mr O to accept or reject my decision before 18 April 2022.

Geraldine Newbold
Ombudsman