

The complaint

Mr G complains about the price quoted by Advantage Insurance Company Limited ("Advantage") to renew his motor insurance policy.

What happened

Mr G received a quote to renew his policy which he says was significantly higher than what he'd paid the previous year. He says he queried this with Advantage and the only explanation they gave was that he had a no-fault claim showing on his policy. Mr G feels it's unfair for this to have such an impact on his policy so he decided not to renew and complained to Advantage because they wouldn't provide him with any more detail about the price increase.

Advantage responded and explained they could see Mr G contacted them as his renewal premium had increased from last year's price. They said the call handler explained premiums can increase depending on risk factors and sometimes they can increase even if nothing has changed. Advantage said the call handler explained a claim showing on Mr G's policy had an impact on the price. They said they use the latest market information to price their policies and these details change daily.

Our investigator looked into things for Mr G. She upheld the complaint as she felt Advantage hadn't provided our service with sufficient information to show no error had been made when calculating Mr G's renewal – so she recommended they pay Mr G £100. Mr G agreed but Advantage haven't responded so the matter has come to me for a 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.

Having done so, I've decided to uphold the complaint. And, I think the investigator's recommendation is a fair way to resolve matters.

The role of this service when looking at complaints about insurance pricing isn't to tell a business what they should charge or to determine a price for the insurance they offer. This is a commercial judgement and for them to decide. But we can look to see whether we agree a consumer has been treated fairly – so is there anything which demonstrates they've been treated differently or less favourably. If we think someone has been treated unfairly, we can set out what we think is right to address this unfairness.

I can see Mr G's renewal price for 2023 was £1,445.35 – which Mr G says is 47% more than what he paid the previous year. So, I understand why Mr G is concerned about the price increase. Advantage say, when reviewing this complaint, they checked the premium and cost change areas of their policy system and have been unable to identify any errors with the calculation. They say Mr G's no-fault accident would have an impact on the price. They say based on this they're confident the price is fair and correct.

I do appreciate Mr G will want to know more detail around what specific factors have led to the premium increase and he was left frustrated at not receiving a response to his questions about the specific factors which have contributed to the increase. Pricing is an area where the information which sits behind an insurer's explanation will often be commercially sensitive. So, I don't think Advantage have acted unreasonably in not providing Mr G with details of the specific ratings.

When our service looks at complaints about pricing, we'll ask for information from a business to demonstrate why and how a price has increased. What information is considered reasonable will depend on a case by case basis, but insurers generally will provide confidential business sensitive information to explain how a customer's price has been calculated. This might involve evidence of rating factors and loading tables to show, more specifically, which loadings have increased to justify the price increase. Generally, and particularly in cases where the price has increased significantly, it's this level of detail that allows our service to check the information and provide a customer with reassurance that there hasn't been a mistake in the calculation and that they've been treated fairly and no different to any other customer in the same circumstances.

In this case, Advantage have provided a breakdown of the policy showing the net premium. They've also provided a screenshot showing the differences between the 2022 and 2023 policy. This shows what appears to be some rating sections and a series of 'blanks' beside the 2022 policy details and 'ticks' beside the 2023 policy details. It's not clear whether this indicates these sections applied to the 2023 policy but didn't apply to the 2022 policy. I have asked Advantage for clarity on this, but I haven't received a response. So, even if I take this as being a difference between the two policies, I'm not persuaded this alone demonstrates the price for the 2023 policy was calculated fairly.

I say this because this doesn't provide sufficient information or an explanation for how these rating sections have affected the price. In this case, when comparing the 2023 policy information with the 2022 policy, the information shows a rating score for Mr G has reduced by 0.134 and the value of the car has reduced by £2,580. While I accept these are only two factors impacting the overall risk, it's understandable why Mr G will be concerned about why his price has increased.

The statement of insurance document shows a no-fault claim recorded on Mr G's policy – and I can see Advantage say this has had an impact on the price. I acknowledge this, and I would also add that it's not unusual or uncommon for this factor to impact the price. But again, I haven't been provided with any information or explanation for how this impacted the price and to what extent.

Advantage say they aren't able to provide any further information. They've described how their rating strategy now works – they say all ratings are built into the system and are produced electronically. They say, in this case, the renewal was calculated by the system with no manual intervention. I have carefully considered Advantage's points about how their system works and the information provided. But, in the circumstances of this case, I'm not persuaded there's sufficient evidence to satisfy me the increase is fair.

I do wish to make it clear I'm not saying there has been an error in the pricing calculation. Instead, the reason I'm upholding Mr G's complaint is, given the significant increase in the price, I would need to see evidence and a clear explanation showing why and how the price increased as it did for Mr G's renewal – and in this case, this information hasn't been provided in a way which would allow me to reassure Mr G that there's been no error here. So, taking this into account, I understand why Mr G was left frustrated and confused by the price increase – and I think compensation of £100 is fair and reasonable in the circumstances.

Putting things right

I've taken the view that Advantage haven't provided sufficient information or a clear explanation to demonstrate why and how Mr G's price increased as it did for his renewal. So Advantage should pay Mr G £100 compensation for the frustration and confusion caused.

My final decision

My final decision is that I uphold the complaint. Advantage Insurance Company Limited must take the steps in accordance with what I've said under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 4 December 2023.

Paviter Dhaddy
Ombudsman