

The complaint

Ms R complains about the price quoted by Advantage Insurance Company Limited (“Advantage”) to renew her motor insurance policy. She also complains about the delay in dealing with her claim under her policy.

What happened

Ms R’s car was damaged while parked and unattended, so she made a claim to Advantage. Ms R says, initially, there were no garages available in her local area, but Advantage did then find a garage and her car was taken in for repairs. While the claim was ongoing, Ms R received a renewal invite which she says was significantly higher than what she’d paid the previous year. So, Ms R complained about this and about delays caused during the claim process.

Advantage responded and explained the repairs still aren’t complete. They apologised for the delay in getting Ms R’s car repaired and not contacting her over a period of a few months, so they offered £150 compensation. They explained they understand it will feel unfair to Ms R for her premium to increase due to having an open claim on her policy. They said, when setting a price for Ms R’s policy, they looked at how likely it was a claim would be made and how much it would cost. They said, all claims, regardless of fault, can increase the likelihood that another claim will be made, which is why the price can increase. They said the claims history isn’t the only factor which can increase the price.

Our investigator looked into things for Ms R. He upheld the complaint about the claim delays and recommended Advantage pay an additional £250 – bringing the total compensation for the claim delays to £400. He also felt Advantage hadn’t provided our service with sufficient information to show no error had been made when calculating Ms R’s renewal – so he recommended they pay Ms R £100 for this. Ms R agreed and Advantage also agreed to the £400 compensation for the claim delays. But Advantage disagreed with the £100 for the pricing complaint 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.

My role requires me to say how a complaint should be settled quickly and with minimal formality and so I’ll focus on what I consider to be the crux of the complaint and the main areas of dispute.

Claim delays

The key facts about this part of the complaint aren’t in dispute. Advantage accept they got things wrong during the claim process and have agreed to increase their offer of £150 by

£250 – bringing the total compensation for this part of the complaint to £400. Given that I think £400 is fair and reasonable in the circumstances – and there's no dispute between the parties on this, I won't comment any further on this part of the complaint.

Renewal price

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 Ms R paid £491.62 for her premium in 2022, and she was then quoted a price of £1,553.06 for her 2023 renewal – which is 216% more than what she'd paid the previous year. So, I understand why Ms R is concerned about the price increase which led her to take out a policy with another insurer. Advantage say the accident forms part of Ms R's driving history and is a rating factor when setting a premium. They confirm the price is correct and one of the differences between the price in 2022 and 2023 is attributable to a fault claim.

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 premium – showing the individual components making up the renewal price. 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 – and they've provided a screenshot of their system showing the date and time the renewal was generated. They say their rating changes go through a testing process prior to going live to ensure they're performing as expected. Advantage also say their appetite for risk is constantly being reviewed and it's not just determined by the addition of a claim. They say it's not unusual for a price to increase at renewal and this can also be down to a general increase. 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 say this because Advantage haven't provided sufficient information or an explanation for how any ratings have affected the price. I accept having a claim recorded on a policy is likely to be a factor which would increase a loading on any claim related factors. But again, I haven't been provided with any information or explanation for how this claim impacted the price and to what extent.

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 this part of Ms R's complaint is, given the significant increase in the price here, I would need to see evidence and a clear explanation showing

why and how the price increased as it did for Ms R's renewal – and in this case, this information hasn't been provided in a way which would allow me to reassure Ms R that there's been no error here. So, taking this into account, I understand why Ms R was left frustrated and confused by the price increase – and I think compensation of £100 is fair and reasonable in the circumstances.

Advantage say Ms R had no obligation to accept the quote and, given they provided a renewal quote a month before the renewal due date, they believe it gave Ms R sufficient time to shop around for alternative cover. They say, on this basis, they don't feel it's fair to award any compensation. I acknowledge Advantage's points here and, while I don't dispute Ms R was given sufficient time to shop around, it doesn't change the fact there was an impact on Ms R in receiving a price significantly higher than what she'd paid the previous year. And while it's not unfair or unusual for a price to increase the following year, the issue here is that, given the circumstances of this case, Advantage haven't been able to provide sufficient information for me to conclude the price is fair. I can see Advantage have referred to their website which contains information on reasons a price might increase. I have considered this, but I'm not persuaded this provides a sufficient explanation for Ms R's price increase as the information is generic and not specific to Ms R's renewal price and circumstances.

Putting things right

I've taken the view that Advantage have caused delays during the repair process, and they haven't provided sufficient information or a clear explanation to demonstrate why and how Ms R's price increased as it did for her renewal. So, for the complaint about delay, in addition to the £150 already offered, Advantage should increase their offer by £250 and pay Ms R £400 for this part of the complaint. And, in relation to the pricing complaint, Advantage should pay Ms R £100 compensation for the frustration and confusion caused. So, the total compensation to be paid for this complaint should be £500.

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 Ms R to accept or reject my decision before 5 December 2023.

Paviter Dhaddy
Ombudsman