

The complaint

Mr B complains about the price quoted by Admiral Insurance (Gibraltar) Limited (“Admiral”) to renew his car insurance policy.

What happened

Mr B says his son was insured on one of his cars and was involved in a non-fault accident. He reported this to Admiral, but he then noticed his premium had increased at renewal. Mr B queried this and was informed, because his car had been involved in an incident, this increased the risk. Mr B complained and said it was unfair for Admiral to take this view of risk in circumstances where he wasn't involved in the incident and the third-party was at fault.

Admiral responded and explained the main reason they rate on non-fault incidents is because their claim statistics show that customers who've had non-fault incidents in the past are more likely to go on and have a fault incident in the future. They said this isn't a reflection of Mr B's driving ability, but they do take the circumstances of an incident into account, so their rates will reflect the circumstances. They said, while they appreciate Mr B may not have been driving the car when the incident occurred, since his car was insured with Admiral at the time, their rating on the incident would reflect in the renewal premium generated.

Our investigator looked into things for Mr B. He thought Admiral hadn't treated Mr B unfairly in relation to the pricing. Mr B disagreed 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 not to uphold the complaint. I understand Mr B will be disappointed by this but I'll explain why I have made this decision.

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 B received a renewal quote from Admiral which led him to query the price increase. I understand Mr B raised concerns as the third party was at fault for the accident and Mr B wasn't even in the car at the time, yet the price of his policy has been impacted by this. So I understand why he's concerned about the price increase. Admiral have provided me with confidential business sensitive information to explain how Mr B's price increase was calculated. I'm afraid I can't share this with him because it's commercially sensitive, but I've checked it carefully. And, I'm satisfied the price he has been quoted has been calculated

correctly and fairly and I've seen no evidence that other Admiral customers in Mr B's position will have been charged a lower premium.

As mentioned above, I can't provide specific detail about Admiral's risk model, but I can see one factor which affected the price for Mr B's policy was the non-fault incident recorded on his policy. The incident was reported, so I can't say Admiral have acted unfairly in recording this. And Admiral have provided evidence which shows this type of incident is subject to a rating factor – and how this impacted Mr B's policy. I acknowledge Mr B feels this is unfair particularly as the third-party accepted liability and Mr B wasn't involved in the incident. But it's for a business to decide what risks they're prepared to cover and how much weight to attach to those risks - different insurers will apply different factors. That's not to say an insurer offering a higher premium has made an error compared to an insurer offering a cheaper premium – but rather, it reflects the different approach they've decided to take to risk. This similarly applies to rating factors and loadings. It's for an insurer to decide what rating factors and loadings to apply to a policy, and just because an insurer might decide to rate non-fault incidents, it doesn't mean they've acted unfairly.

The pricing information provided by Admiral shows there were also other factors and ratings which have impacted the price, so the price increase isn't wholly attributable to the non-fault incident. Admiral have also confirmed the rating structure used to price Mr B's policy is the same for any customer in the same circumstances. I think that's important here as it demonstrates the pricing model used to calculate Mr B's premium was no different to what was used for any other customer in the same circumstances, so I can't say Mr B has been treated differently to other customers.

I acknowledge Mr B has strong feelings about the price increase here and feels he's being punished for someone else's fault. He says it can't be fair for Admiral to increase his price where a third-party has hit his car when he wasn't even driving it, the third-party accepts liability and he doesn't make a claim against his policy. Mr B says nothing has changed in his circumstances so it can't be fair to increase the price of his policy. I have carefully considered the points made by Mr B, but as mentioned above, it's for an insurer to decide what risks they're prepared to cover and what ratings and loadings to apply to those risks. That said, we would still expect insurers to price a policy based on their view of risk – and that's what Admiral have done here.

I acknowledge Mr B's concern that he wasn't in his car when the accident occurred, and he questions how he can be more of a risk to Admiral when the incident wasn't his fault. I do acknowledge Mr B's points, but, as mentioned above, it's for an insurer to decide what risks they're prepared to accept and what factors they feel present a risk. The pricing information provided by Admiral demonstrates the premium was calculated using a pricing model which is the same for all customers in the same circumstances, so Admiral aren't treating Mr B differently or unfairly.

My final decision

For the reasons I have given, it is my final decision that the complaint is not upheld. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 22 February 2024.

Paviter Dhaddy
Ombudsman