

## **The complaint**

Mr H complains that Saga Services Limited ("Saga") didn't provide him with the cheapest price when offering him a quote for a home insurance policy from their panel of insurers. He also complains they didn't meet their commitment to fix the price of his policy for three years and they didn't inform him about the impact a claim would have on the price of his policy.

## **What happened**

Mr H renewed his policy in July 2022 through Saga who were acting as brokers. At the time, Mr H paid a premium of £378.47 which included a three-year fixed price. Mr H then made a claim on his policy in April 2023. Saga then sent Mr H renewal terms in July 2023, but the price quoted was £573.42. Mr H complained and said the price quoted went against Saga's three-year fixed price commitment. Mr H also complained about the renewal price offered as he didn't believe Saga had offered him the cheapest price. Mr H also raised concerns about how the price had increased when compared to the value of his claim.

Saga responded and explained they liaise with selected insurers to offer adequate cover for their policies. They said the premium is reviewed based on costs applied by Saga and the relevant underwriter. They said the quote they provided was based on a combination of Mr H's circumstances and the insurer's pricing model. They said prices are higher generally due to inflation. They said this means replacing home contents or repairing buildings is more expensive and therefore insurance cover costs more. They referred to the insurers selected by them from their panel of underwriters to provide buildings cover and contents cover, and confirmed the price quoted was correct.

Our investigator looked into things for Mr H. He thought Saga hadn't acted unreasonably. Mr H 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 H will be disappointed by this but I'll explain why I have made this decision.

I think it's important here to make clear I'm looking at Saga's actions as a broker. It's for an insurer to consider the risks associated with providing cover and to price a policy. In this case, Saga's role is to approach their panel of insurers to get quotes based on Mr H's requirements for insurance cover.

Saga can only therefore be expected to obtain quotes from the insurers on their panel. Saga say they use a panel of underwriters from which they select the cheapest price available for a customer based on their individual risk details. Saga have provided me with confidential business sensitive information showing the results of their search across their panel of insurers. I'm afraid I can't share this with Mr H because it's commercially sensitive, but I've checked it carefully. And, I'm satisfied Saga have issued Mr H with the most competitively priced quote from their panel of insurers.

I understand Mr H is concerned Saga didn't meet their commitment to fix the price of his policy for three years. I've looked at the renewal invite sent to Mr H in July 2022 and this confirms the price of £378.47 includes Saga's three-year fixed price, meaning the price will stay the same for the next two renewals. It does say though that terms and conditions apply. So, I've looked at the relevant terms and conditions and this sets out the circumstances which may lead to a change in price within the three-year period. One of the terms listed says, *"You make a claim for accidental damage or accidental loss or any claim made under the personal belongings section of your cover...If any claim you make leads to a change in the price of your policy, this price change will not take effect until the next renewal after the claim and will continue for any remaining renewal period."*

There's no dispute that Mr H did make a claim following the renewal in July 2022, and this led to a renewal quote in July 2023 for £573.42. The renewal invite does also make it clear that the price has changed following Mr H's claim in the previous policy year. So, in accordance with the terms and conditions set out here, it's not unfair for the price to have changed. And, Saga have further acted in line with the terms and conditions by applying any price change to the following year's renewal.

I understand Mr H says, following his claim, he was reimbursed promptly in the sum of £260. He says, following the claim, the price of his policy increased by £194.95 – which represents 75% of the value of his claim. Mr H says, as the price increase impacted the second year of the three-year fixed term, the overall total increase would amount to £390. Mr H says, over the two remaining years, this means Saga will have recouped 150% of the value of the claim. Mr H says his concern, based on this, is the mechanism by which the new price is calculated and how this ensures Saga make a profit in circumstances where a claim is made against a three-year fixed price policy. I acknowledge Mr H's concern but it's for an insurer to price a policy. It's not unusual or uncommon for a claim to impact the price of a policy – and in this case the terms and conditions do make it clear how the three-year fixed price will be impacted by a claim. It's for the insurer to then rate Mr H's policy in line with their pricing model to determine the price. So, I can't say I've seen any evidence of Saga attempting to profiteer as a result of rating changes to Mr H's policy to take into account the claim.

Mr H says Saga would've been aware of the amounts involved in his claim and also the increase in price of his policy and didn't at any point advise him against making a claim. As mentioned above, it's the insurer who's responsible for pricing a policy and this is generally based on their pricing model at the point a renewal is generated. I've seen no evidence that Saga were aware of the price increase which would follow at the point Mr H made his claim. I accept they would've been aware the price may change from the three-year fixed price set in July 2022, but this is explained in the terms and conditions.

I wish to reassure Mr H I've read and considered everything he has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

### **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 H to accept or reject my decision before 11 March 2024.

Paviter Dhaddy

**Ombudsman**