

The complaint

Mr H and Mrs H have complained that The National Farmers' Union Mutual Insurance Society Limited (NFU) unfairly increased their premium for a home insurance policy.

What happened

Mr H and Mrs H were insured by NFU for several years. When their policy renewed, Mr H and Mrs H checked if they needed to tell NFU about a claim made for another property that wasn't insured by NFU. It said it needed to be declared. It then updated the claims history and wrote to Mr H and Mrs H to say the premium had increased.

Mr H and Mrs H complained as they thought it was unfair for NFU to increase the premium based on a claim for a different property, not insured by NFU. When NFU replied, it said its underwriters had confirmed that claims history was one of its key factors in determining the correct insurance premium.

So, Mr H and Mrs H complained to this service. Our investigator didn't uphold the complaint. He said NFU had set the premium in line with its underwriting criteria and risk appetite.

As Mr H and Mrs H didn't agree, the complaint was referred to me.

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 don't uphold this complaint. I will explain why.

I have to decide whether NFU fairly increased the premium to insure Mr H and Mrs H's property when it was told about a claim on another property that it didn't insure.

It is for an insurer to decide how much to charge a consumer for a policy. This normally includes using information about the customer and their circumstances. The insurer can decide what factors to take into account and how much weight to put on each of them, including taking into account its own appetite for risk.

I've seen NFU's underwriting criteria. This showed that claims history was one of the factors it took into account. I've also read the policy booklet, which said:

"You must tell us before renewal:

- if you, any member of your family or any other person living with you:*
- have had a claim made against them or made a claim or suffered an uninsured loss related to any other property not insured on this policy"*

Mr H and Mrs H told NFU about a claim on a property insured elsewhere. NFU added this to the policy and the premium increased.

I'm aware Mr H and Mrs H didn't think this was relevant information for NFU to consider and their reasons for this. But, it's a business decision for NFU to make. I also don't think it's unreasonable or uncommon for an insurer to consider a customer's claims history when it calculates the risk. I've also seen evidence that the additional premium charged was in line with its underwriting criteria and is how it would treat other customers in these circumstances.

As a result, I don't uphold this complaint or require NFU to do anything further.

My final decision

For the reasons I have given, it is my final decision that this complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 1 April 2024.

Louise O'Sullivan
Ombudsman