

The complaint

Mr L complains about the price charged by Royal & Sun Alliance Insurance Limited (“RSA”) to renew his home insurance policy.

What happened

Mr L decided to renew his 2022-2023 policy with RSA. Over the course of the policy year, RSA issued several amended renewal documents following changes made to the policy details. Mr L had concerns about the impact of the changes on the premium and about the information he was getting from RSA, so he raised a complaint about this. RSA responded and accepted there was incorrect information showing on Mr L’s policy documents. RSA sent Mr L compensation of £200. RSA said they understand Mr L is concerned the price of his buildings cover increased despite not making any changes to the buildings section of the policy. RSA explained that, when amending any part of the policy, the ratings can change on the buildings section, even if that part of the policy hasn’t changed, as this can affect the total risk posed to the underwriters. They said the underwriters view the policy risk as a whole and it’s for this reason that the premiums can change when any alterations to the policy are made.

Our investigator looked into things for Mr L. He thought RSA hadn’t acted unfairly in relation to the pricing of the policy, but he recommended they pay £100 to Mr L for not providing a breakdown of the actual amount Mr L had paid for his policy. RSA agreed but Mr L 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 to uphold the complaint. And, I think the investigator’s recommendation is a fair way to resolve matters. I understand Mr L will be disappointed by this but I’ll explain why I have made this decision.

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. I think it’s important to add, I won’t be commenting on every individual event relating to the complaint, instead I have taken a broad approach to the overall service provided. What I’m deciding here is whether RSA have acted fairly when rating and pricing Mr L’s policy.

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.

RSA have provided me with confidential business sensitive information to explain how the price of Mr L's 2022-2023 policy 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 was charged has been calculated correctly and fairly and I've seen no evidence that other RSA customers in Mr L's position will have been charged a lower premium.

I can see Mr L wants to know how much he's paid for his 2022-2023 policy. RSA have provided information which shows Mr L paid 12 monthly instalments from February 2022 to January 2023, and he paid a total of £1,216.26. I acknowledge there have been a series of policy documents sent for the 2022-2023 policy year, and RSA appear to accept there has been incorrect information provided in some of these documents – and they've paid compensation for this. But Mr L has raised some specific points, so I've focused on these.

The information shows, during the 2022-2023 policy year, there was a mid-term adjustment in May 2022. This led to a slight increase in the overall premium for the home policy. I acknowledge Mr L questions how a change in the value of his contents can lead to an increase in the buildings premium particularly as the buildings sum insured remained the same. But, I've seen a detailed breakdown of Mr L's premium for the 2022-2023 policy year and this shows a discount was applied to effectively cancel out the overall premium increase to ensure the annual price remained the same. So I can't see there has been any detriment here and I think RSA acted reasonably in applying a discount.

I can see there was a further mid-term adjustment which took into account changes to the value of Mr L's personal possessions. This followed a professional valuation, which valued Mr L's total valuables at £130,775. Mr L says the amended policy documents he received, which took into account the professional valuation, showed the contents part of the premium increased despite the value of his total valuables falling from £158,010 to £130,775. Mr L says the contents part of the overall premium was previously £511.77 but then, after the mid-term adjustment which followed the professional valuation, it increased to £704.06.

The detailed breakdown provided by RSA shows the policy was re-rated based on the new valuation and this did lead to an increase in the contents part of the premium. RSA explain though a discount was applied which ensured Mr L wasn't impacted by this with his overall price remaining the same. The detailed breakdown sent by RSA does support this and shows the discount was applied to ensure the overall price remained at £1,216.26.

While the information shows RSA applied a discount here to keep the overall price the same, I think it's important for me to point out that, a lower personal possessions valuation doesn't necessarily mean that the price of the contents policy can't increase. The value of personal possessions is a factor an insurer will take into account when rating the contents parts of a home policy, but it's not the only factor.

Other ratings, which might've changed since the policy was taken out, could potentially lead to an increase in the price of the contents policy when a mid-term adjustment is made following a professional valuation.

I can see Mr L also believes it's unfair for an insurer to apply any ratings that come into force after the commencement of the policy year. I do acknowledge Mr L's point and I accept it wouldn't be fair for an insurer to re-rate a policy after commencement of the policy term simply because their loadings might've changed. But if an insurer considers a change in risk during the policy year, such as a mid-term adjustment, and re-rates the policy on the basis of this, then it's reasonable for them to apply the ratings and loadings that are in place at the time of the change rather than what they were at the commencement of the policy. This is because an insurer's view of risk will change throughout a policy year and it's not

unreasonable for them to rate a policy based on the ratings and loadings that form part of their pricing model at the point they're rating the risk.

I acknowledge Mr L has more broader concerns about ratings and how factors which don't appear to have anything to do with his building can affect his buildings premium. I do understand Mr L's concern, but it's not unusual or uncommon for an insurer to take into account a range of factors when assessing the presentation of risk associated with a building – and for this to impact the buildings premium. Mr L may feel this is unfair 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.

I can see Mr L questions why RSA weren't able to provide him with information about his 2022-2023 policy. The information shows Mr L asked for this on a number of occasions, and I can see RSA said they can't meet his request and can only provide him with details of his current policy – which at the time was his 2023-2024 policy. They said the ratings had changed since the original policy was issued and they couldn't provide any further information regarding this. The information shows Mr L wanted a breakdown setting out what he'd paid for the 2022-2023 policy year and RSA appear to accept it was an error on their part when they said to Mr L they couldn't provide any further information given that the policy year had lapsed.

I can see though that this information has been provided to our service. That being the case, I think it's reasonable to say it could also have been provided to Mr L. On the basis it wasn't, I uphold this part of the complaint. And I think it's fair in the circumstances for RSA to pay £100 compensation for the frustration and inconvenience caused to Mr L.

I acknowledge Mr L believes he hasn't been treated fairly in relation to the way RSA has rated his policy and in its pricing. I fully understand why, on this basis, Mr L has complained, and I hope he feels reassured that I've checked the pricing information from RSA. But I can't say they've made a mistake in how they've rated Mr L's policy or otherwise treated him unfairly. And, while I acknowledge Mr L's concern about price changes showing in the various policy documents he has received, the information I've seen shows discounts were applied to ensure Mr L didn't pay more than he was originally quoted – even where adjustments had led to an increase in the overall premium.

I wish to reassure Mr L 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.

Putting things right

I've taken the view that RSA have made an error in not providing Mr L with the details he was requesting about his policy. So, RSA should pay Mr L compensation of £100 for the frustration and inconvenience caused.

My final decision

My final decision is that I uphold the complaint. Royal & Sun Alliance Insurance 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 L to accept or reject my decision before 3 July 2024.

Paviter Dhaddy
Ombudsman