

The complaint

Mrs H complains about the price charged by Ageas Insurance Limited (“Ageas”) to renew her home insurance policy.

What happened

Mrs H received a quote to renew her policy which she says was significantly higher than what she’d paid the previous year. Mrs H complained as she felt this was based on the development of expensive houses being built near her home. Mrs H also complained about the customer service received while communicating her concerns to Ageas.

Ageas responded and explained the price had been calculated correctly and they were unable to reduce this as they’d offered their best price first time and were unable to apply any discounts. They acknowledged there had been errors made in their communication and arranged to pay £150 compensation to Mrs H.

Our investigator looked into things for Mrs H. He thought Ageas hadn’t treated Mrs H unfairly in relation to the pricing and the £150 paid was reasonable. Mrs 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 Mrs H will be disappointed by this but I’ll explain why I have made this decision.

Pricing

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 Mrs H paid £641.77 for her policy in 2023, and she was then quoted £865.05 for her renewal in 2024. This is around a 35% increase, so I understand why Mrs H is concerned about the price increase.

Ageas have provided me with confidential business sensitive information to explain how Mrs H’s price increase was calculated. I’m afraid I can’t share this with her because it’s commercially sensitive, but I’ve checked it carefully. And, I’m satisfied the price she was charged has been calculated correctly and fairly and I’ve seen no evidence that other Ageas customers in Mrs H’s position will have been charged a lower premium.

I've seen the rating factors used by Ageas to calculate the price for Mrs H's policy, and I can't say they've acted unfairly in how they've rated Mrs H's policy. I can see Mrs H is concerned about a previous subsidence claim. The information shows there was no current subsidence claim showing on Mrs H's policy at the time of her renewal in 2024, but Ageas did rate the policy based on there being a history of subsidence in the area – and I don't think that's unfair in the circumstances as it relates directly to the risk presented. I understand Mrs H is also concerned about the development of expensive houses in her area and doesn't feel it's fair for this to impact her policy price. As mentioned, I've carefully considered the ratings which have been applied and I can't say there are any factors which aren't reasonably based on the presentation of risk.

I acknowledge Mrs H feels the price increase 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. 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. The information shows Ageas, when calculating a renewal quote, rated Mrs H's policy in line with their pricing model, so I can't say they've treated Mrs H unfairly or differently to any other customer in the same circumstances.

In addition to this, I've seen the renewal letter sent to Mrs H in 2024 and I can see Ageas did remind Mrs H that she could shop around to see if she could get a better price. As there have been at least four renewals, then section 6.5 of the Insurance Conduct of Business Sourcebook ("ICOBS") requires a business to provide specific wording about the benefits of shopping around. So, as well as treating Mrs H fairly, I think Ageas also acted in line with requirements set out under ICOBS.

Customer service

The key facts about this part of the complaint aren't in dispute. Ageas accept they got things wrong when they didn't return Mrs H's call within the 24 hour timeframe they agreed and the delay in reaching an outcome on her concerns. The only issue I have to decide for this part of the complaint is whether their offer of £150 is fair and reasonable in the circumstances.

I think it's right that Ageas should compensate Mrs H for the upset and frustration caused. To help decide what a fair and reasonable level of compensation should be, I've looked at the error by Ageas and the impact it has had.

It's clear Mrs H was worried about the price increase so it was upsetting and frustrating for her to not receive a call back from a manager despite being assured this would happen within 24 hours. I can see though that a manager did then call back a few days later and assured Mrs H the price was correct, and they couldn't offer a discount. So, while I accept it was upsetting for Mrs H to not receive a call back to discuss the price within the timeframe agreed, I think the impact of this was limited as a call back was then made a few days later.

I understand, during this call, the manager did suggest to Mrs H she could shop around to see if she could get a cheaper quote and Mrs H explained she wouldn't be doing this due to her vulnerability. I do acknowledge Mrs H says she found the suggestion to 'shop around' upsetting but I don't believe this suggests Ageas didn't value Mrs H as a customer. As mentioned above, under ICOBS, an insurer should bring to a customer's attention the benefits of shopping around as it might be possible for a customer to find a cheaper quote. So, I believe the intention here was to act in line with the relevant rules and general best practice in helping a customer to make an informed decision – although I do acknowledge Mrs H's reasons for not being able to shop around. I can see Ageas also took into account any delays caused in reaching an outcome to Mrs H's concerns.

Taking into account the impact on Mrs H, and the duration of that impact, I think the £150 paid by Ageas is fair and reasonable in the circumstances. So I won't be asking Ageas to take any further steps.

I understand why Mrs H has complained, and I hope she feels reassured that I've checked the pricing information from Ageas. But I can't say they've made a mistake or treated Mrs H unfairly. I wish to reassure Mrs H I've read and considered everything she 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 Mrs H to accept or reject my decision before 9 May 2024.

Paviter Dhaddy
Ombudsman