

The complaint

Mrs S has complained about the premium the insurer Sabre Insurance Company Limited offered to renew her car insurance policy through a broker.

What happened

Mrs S bought a car insurance policy through a broker. The renewal date for Mrs S's policy was 2 January 2024.

In December 2023, the broker provided a renewal price from one of a panel of insurers it works with, Sabre. The premium Mrs S had paid with a different insurer for the previous year was £634.24. The price Sabre quoted at renewal was £3,043.07.

Mrs S contacted the broker as she was very unhappy with the increase in price. The broker said it could amend the price with Sabre to a little lower, but Mrs S said she was able to obtain alternative insurance elsewhere which was closer to the price she'd paid the year before.

Mrs S complained to the broker, but they didn't uphold it. So Mrs S brought her complaint to us.

As the insurer gives permission to effect a contract of insurance, we set up the complaint against Sabre, although the broker responded to her complaint.

Our Investigator asked Sabre to provide details of how it reached the price it offered Mrs S as a potential customer. Although this information is commercially sensitive and cannot be shared with customers, insurers can share this information with us so that we can decide if it has treated a customer fairly.

Sabre said it isn't able to disclose any of its rates or loading tables as it is their intellectual property. And it said due to the time that had passed, it no longer held any data to show how the premium price had been calculated. Sabre suggested we ask the broker.

We asked the broker if it could provide the information, but they said they couldn't.

So in the absence of any information for us to determine if the premium price was calculated fairly, our Investigator recommended the complaint should be upheld. He recommended Sabre pay Mrs S £150 compensation for the distress and inconvenience caused.

Sabre didn't agree. It says it is for the broker to provide the quote information from their systems and so doesn't agree the complaint should be against Sabre.

So the case has been passed to me to decide.

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.

We understand that insurers constantly update how they rate the risk of consumers. And their rates continually change. We ask insurers to provide this service with confidential business sensitive information to explain how a price was calculated. This isn't something

we share with customers, but it enables this service to check carefully that an insurer has treated a customer fairly.

Although Sabre were not the insurer for the previous year, in light of the significant difference in premium, we asked Sabre to provide details of its rating factors and any loading data for the previous and current year – so that we could understand if it had treated Mrs S fairly. While we understand that generally the cost of insurance has risen over the past year, the increase in premium in this case was significant. And so we asked Sabre - if the quote was no longer available - to provide commentary from a senior underwriter to explain how the premium had been calculated for Mrs S.

In this case, Sabre hasn't shared these details with us to enable us to say whether it has treated Mrs S fairly. It said it takes a number of factors into account, but is unable to go through those factors with us. Sabre said the rate it offered would have taken into account all questions answered on the quotation.

The industry rules say firms must provide products and services that offer fair value. Our role isn't to tell firms how much they should charge for their products. But they should be able to demonstrate that the cost is reflected in the value and potential benefit of the product. So, as Sabre hasn't provided the information we need, I think the Investigator's recommendation is the only fair outcome we can reach. And as I've said, the contract of insurance is between the customer and the insurer, not the broker. So I'm satisfied this complaint correctly sits against the insurer which provided the quote, Sabre.

This means I agree that Sabre should pay Mrs S compensation of £150 for the distress and inconvenience caused.

My final decision

My final decision is that I uphold this complaint. I require Sabre Insurance Company Limited to pay Mrs S £150 compensation for the distress and inconvenience caused.

Sabre Insurance Company Limited must pay the compensation within 28 days of the date on which we tell it Mrs S accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 16 October 2024.

Geraldine Newbold
Ombudsman