

The complaint

Mr B has complained about the renewal premium offered by Saga Services Limited trading as Saga Insurance (Saga) for a home insurance policy.

What happened

Mr B received the renewal premium from Saga, who were the broker for the policy. He complained to Saga because the premium increased from £142.30 to £345.20, which he said was unreasonable. When Saga replied, it said the cost of the policy was the sum of the underwriter's costs and those of Saga. It said a range of factors, such as the increased cost of replacing home contents or building supplies and an increase in fraudulent claims, had caused an increase in costs. It also said both Saga and the underwriter had charged the correct premium. It confirmed the policy had renewed at the reduced premium of £315.20.

When Mr B complained to this Service, our Investigator didn't uphold it. He said Saga had applied its pricing model fairly and Mr B was given the opportunity to seek insurance elsewhere. He said Saga hadn't acted unfairly or unreasonably in how it calculated the premium.

As Mr B didn't agree the premium increase was fair, 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.

It's a commercial decision for a broker or underwriter to decide how much to charge for an insurance policy. This will often take into account a range of factors, including its view of particular risks, its operating costs and its profit aims. It isn't the role of this Service to tell a business how much it should charge for a policy. However, I can look at whether a policyholder has been treated fairly and consistently with other policyholders or consumers for that policy.

I've seen the pricing model Saga used to calculate the premium, along with the information from the underwriter, and how this factored into the overall premium. I'm unable to share this with Mr B because it's commercially sensitive. However, based on that information, I haven't seen evidence that Mr B was treated differently to any other customer in similar circumstances.

I'm aware Mr B was concerned about the increase in his premium, which more than doubled from the previous year. However, Saga sent Mr B the renewal notice to explain the renewal premium. In the renewal notice, it also said that Mr B might be able to get the insurance cover he wanted at a better price if he shopped around. It was then for Mr B to decide whether the policy offered the level of cover he required and at the premium he wanted to

pay. It's my understanding that Mr B was able to agree a reduced premium with Saga, although I'm aware this was still more than double what he had paid the previous year.

Mr B also said he insured another property in a similar location and the premium was different for that property. However, a range of factors can affect the premium offered. Through this Service, Saga has explained to Mr B some of the differences between the two properties. I'm satisfied that the premium for the other property didn't show the premium for the policy that is part of this complaint was therefore unreasonable.

Based on everything I've seen, I'm satisfied Saga fairly applied its pricing policy to Mr B's renewal premium. As a result, I don't uphold this complaint or require Saga to do anything further in relation to it.

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 B to accept or reject my decision before 10 December 2024.

Louise O'Sullivan
Ombudsman