

The complaint

Mr R and Mrs R are unhappy with the service provided by Royal & Sun Alliance Insurance Limited (RSA) when dealing with renewal of their car insurance policy.

Mr R and Mrs R are both parties to this complaint. Mr R has primarily dealt with this service. For ease of reference I have referred to Mr R throughout this final decision.

What happened

Mr R took out car insurance with RSA in 2021. He renewed his policy each year with RSA. In January 2024 RSA sent Mr R a renewal quote for £382.21. The renewal letter explained Mr R had paid £317.78 for the cost of his policy the previous year.

Mr R complained to RSA about the increase in premium. He was unhappy that the premium had increased so much within a year despite there being no material changes to his circumstances. RSA responded to Mr R's complaint saying the higher premium was based on market conditions at the time of renewal amongst other factors. Mr R was unhappy with this response, and brought the complaint to the Financial Ombudsman Service.

The investigator found that RSA had acted reasonably and didn't ask RSA to do anything in settlement of Mr R's complaint. Mr R rejected these findings. As the complaint couldn't be resolved, it has been passed to me for 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 reviewed the evidence I don't think RSA need to do anything in settlement of this complaint. I can understand this is likely to come as a disappointment to Mr R but I hope my findings go some way in explaining why I've reached this decision. I've focused my comments on what I think is relevant. If I haven't commented on any specific point it's because I don't believe it's affected what I think is the right outcome.

A customer may expect a simple explanation for a price increase like Mr R experienced. But for an insurer, there may be hundreds, or even thousands of variables it has to consider when setting a premium – including its own commercial requirements. And we generally take the view that, providing it treats people fairly - that is it treats customers with similar circumstances in the same way - insurers are entitled to charge what it feels it needs to in order to cover a risk.

In this case I understand that Mr R thinks that his risk factors hadn't changed. So he doesn't understand the steep rise in premium within such a short amount of time. But insurers will re-rate the risks it considers regularly. And many insurers will do this on a daily basis. So the quotes an insurer provides will vary from day-to-day and year-to-year as their assessment of those risk factors change.

The quote provided at renewal would've been created based on market conditions at the time. Although I can appreciate Mr R's disappointment at how quickly the premium offered changed only within a year, this change isn't unreasonable when considering how quickly market conditions move, and the impact that this generally has on insurance pricing. And in recent times there has been substantial change in the price of insurance based on factors outside of an insurer's control.

I think it's important to mention here, it's for an insurer to decide what risks it is 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 it has decided to take to risk.

RSA has given us some information about how it calculated Mr R's premiums. That information is commercially sensitive so I can't share it with Mr R. But, having looked at it carefully, I'm satisfied RSA has treated Mr R as it would other consumers with similar circumstances. So, although I'm not in a position to explain to Mr R why the premium provided in January 2024 was much higher than Mr R was expecting, I'm satisfied that RSA dealt with Mr R fairly and that it hasn't singled him out.

In addition to this, I can see RSA did, in its renewal quote, remind Mr R that he could shop around to see if he could get a better price. 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 Mr R fairly, I think RSA has also acted in line with requirements set out under ICOBS.

Although I appreciate the frustration and upset caused to Mr R by RSA's business processes, I am satisfied these actions were reasonable. Because of this, I won't be asking RSA to do anything in settlement of this complaint.

My final decision

For the reasons provided I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Mrs R to accept or reject my decision before 20 November 2024.

Neeta Karelia
Ombudsman