

## **The complaint**

Mrs T and Mr T complain about the price quoted by U K Insurance Limited (“UKI”) to renew their home insurance policy.

Mr T has acted as the main representative during the complaint process. So, for ease of reference, I will refer to any actions taken, or comments made, by either Mrs T or Mr T as “Mr T” throughout the decision.

## **What happened**

Mr T received a quote to renew his policy which he says was significantly higher than what he’d paid the previous year. So, Mr T took out a policy with another insurer, but he complained to UKI about the price increase. UKI responded and explained each year an assessment is completed based on many risk factors such as claims levels and weather conditions, and these can affect the premium. They said the price they quoted Mr T was correct based on their pricing information, the cover Mr T selected and the details they held about Mr T’s property.

Our investigator looked into things for Mr T. He upheld the complaint as he felt UKI hadn’t provided our service with sufficient information to show no error had been made when calculating Mr T’s renewal – so he recommended they pay Mrs T and Mr T £150. Mr T 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 T will be disappointed by this but I’ll explain why I have made this decision.

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 Mr T paid a premium of £484.96 for his policy in 2022. Mr T says he was then quoted a price which was nearly 50% more than what he’d paid the previous year. So, I understand why Mr T is concerned about the price increase.

When our service looks at complaints about pricing, we’ll ask for information from a business to demonstrate why and how a price has increased. What information is considered reasonable will depend on a case by case basis, but insurers generally will provide confidential business sensitive information to explain how a customer’s price has been

calculated. This might involve evidence of rating factors and loading tables to show, more specifically, which loadings have increased to justify the price increase. Generally, and particularly in cases where the price has increased significantly, it's this level of detail that allows our service to check the information and provide a customer with reassurance that there hasn't been a mistake in the calculation and that they've been treated fairly and no different to any other customer in the same circumstances.

I can see UKI explained to Mr T they'd offered him their best price and that they'd seen a significant increase in the cost of building services and building materials. I acknowledge it's been widely publicised over the last year that the price of insurance has increased due to claims inflation and insurers facing rising costs in settling claims – and in the case of home insurance, this includes the cost of building materials and labour. But, given the significant increase which Mr T complains about here, I don't think this explanation goes far enough to demonstrate there hasn't been an error here or that UKI haven't treated Mr T unfairly.

UKI have also provided information which demonstrates the price they quoted Mr T was written below the Equivalent New Business Price ("ENBP") and was within the range UKI would normally expect. What UKI are referring to here are the rules for general insurance pricing introduced by the FCA in January 2022. They apply to motor and home insurance only and insurers need to make sure they comply with these rules when offering renewals.

The rules were put in place to remove the risk of existing customers paying more than new customers. It places an obligation on insurers to make sure they charge renewing customers the same as new customers. The FCA refers to this as the ENBP. These pricing rules were in place when Mr T was offered his renewal by UKI, so they did need to follow these at the time. And, having considered the information provided by UKI, I'm satisfied the price they quoted Mr T wasn't more than the ENBP.

That said, it's clear Mr T's concern here relates to the price he was quoted in comparison to what he'd paid the previous year. And given that Mr T has referred to this being a significant increase, in these circumstances and given the facts in this case, I think it's important to have a more persuasive explanation for the price increase than what UKI have provided. I would need to see more detail around the specific factors which led to this increase.

UKI say a claim recorded on Mr T's policy had an impact on the price, but they say they can't provide any further detail due to it being commercially sensitive. UKI say the claim was made in the 2021-2022 policy year. While I accept a claim will likely have an impact on a premium, it's not clear why this claim had the impact it did on the price of the 2023-2024 policy to have led it to be significantly higher than the price of the 2022-2023 policy. So I'm not persuaded the claim alone provides a sufficient explanation for the price increase. UKI have also described how their rating strategy works – and they also confirm the policy has been checked and they're happy it was rated correctly. I have carefully considered UKI's points about how their system works and the information provided. But, in the circumstances of this case, I'm not persuaded there's sufficient evidence to satisfy me the increase is fair.

I do wish to make it clear I'm not saying there has been an error in the pricing calculation. Instead, the reason I'm upholding Mr T's complaint is, given the significant increase in the price, I would need to see evidence and a clear explanation showing why and how the price increased as it did for Mr T's renewal – and in this case, this information hasn't been provided in a way which would allow me to reassure Mr T that there's been no error here.

So, I've thought about the impact on Mrs T and Mr T. I can't see Mr T took up UKI's renewal offer so I can't say there has been a financial loss to him. But given that Mr T's decision to look for an alternative policy was driven by the price quoted by UKI, and they haven't

provided a sufficient explanation for the price increase, I believe there has been an impact on Mrs T and Mr T - particularly as our service isn't able to provide them with any reassurance about the policy being priced fairly. So, taking this into account, I understand why Mr T was left frustrated and confused by the price increase – and I think compensation of £150 is fair and reasonable in the circumstances.

I can see Mr T says, after searching the market, he found a policy with another insurer for a price he found acceptable. He says he tried to take out this policy but was then quoted a higher price. Mr T says the other insurer explained this was due to discovering a claim recorded against Mr T's policy with UKI. Mr T says no claim was made and this was just an enquiry he made at the time following a storm. He says his property suffered minor damage but, after getting a quote from UKI which was lower than his excess, he decided to get the repairs done privately. I think it's important to make clear my decision only relates to Mr T's complaint about the price increase – as that is what's covered by UKI's complaint response. If Mr T does have any concerns about the way in which his notification has been recorded, then he will need to raise this directly with UKI and allow them an opportunity to address this before our service can consider this.

Mr T also has concerns about the customer service provided during the renewal process. He says it's been difficult to get hold of staff at UKI, and they've been slow to answer calls. I can see UKI called Mr T and apologised for the call wait times. They said during times of high demand and long call wait times, they put in place a call back service. They explained around the time Mr T was calling them they were going through a period where they received high call volumes. I do acknowledge why this frustrated Mr T, but the high call volumes weren't within UKI's control. So I think the apology offered to Mr T is fair and reasonable in the circumstances.

I wish to reassure Mr T 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 UKI haven't provided sufficient information or a clear explanation to demonstrate why and how Mrs T and Mr T's price increased as it did for their renewal. So UKI should pay Mrs T and Mr T £150 compensation for the frustration and confusion caused.

### **My final decision**

My final decision is that I uphold the complaint. U K 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 Mrs T and Mr T to accept or reject my decision before 1 November 2024.

Paviter Dhaddy  
**Ombudsman**