

The complaint

Mr E complains about the increase in premium Aviva Insurance Limited quoted for the renewal of his motor insurance policy. He wants a check that this was fair.

What happened

Mr E made a claim on his policy after his car was damaged whilst stationary. Aviva agreed there had been errors in how it handled his claim and it paid Mr E £300 compensation for this. When Mr E's policy was due for renewal, he found that the quote was £300 higher than the previous year's. Mr E thought this may have been because of the compensation payment.

Our Investigator didn't recommend that the complaint should be upheld. She thought Aviva had calculated the renewal premium correctly and treated Mr E the same as other consumers in his circumstances. And she thought Aviva had told Mr E that he could shop around to seek alternative cover if he so chose. So she didn't think it had done anything wrong.

Mr E replied asking to see the details of how Aviva had calculated his premium at renewal. He said he had no claims for 14 years and no change in his circumstances. Mr E asked for an Ombudsman's review, so his complaint has come to me for a final 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.

I can understand that Mr E thinks it may not be coincidental that his premium at renewal increased by the amount of compensation he'd been paid by Aviva. He said none of his other details had changed. Although I can see that the claim last year was recorded as non-fault.

It's not our role to tell an insurer how to price their policies or what factors they should consider when calculating a risk. However we need to make sure the insurer is applying a fair and consistent approach to all consumers.

Insurers regularly update how they rate the risk of consumers. And their rates continually change. For example, the risk of certain addresses or makes of car can change depending upon claims made by other customers. Aviva has provided us with confidential business sensitive information to explain how Mr E's premium was calculated. As our Investigator has explained, I can't share this with him, but I can assure him that we've checked it carefully.

I'm satisfied the renewal price Mr E was quoted has been calculated correctly and all of Aviva's customers in his position will have been charged a similar premium.

Aviva's decision about how to rate its risks is its commercial decision. This doesn't break any relevant regulations and it's in keeping with standard industry practice. And I can't see that Aviva has treated Mr E differently to any of its other customers. And as this isn't something that I would normally interfere with as it is a legitimate exercise of its commercial judgement,

I can't say that Aviva has done anything wrong in offering Mr E a renewal quote higher than the previous year's.

I can also see that in the renewal documents Aviva clearly set out the new quote and last year's price. And it pointed out that Mr E may find cheaper cover elsewhere if he shopped around. And so I think Aviva complied with the relevant regulations and didn't do anything wrong.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 29 November 2024.

Phillip Berechree
Ombudsman