

The complaint

Mr M complains Royal & Sun Alliance Insurance Limited trading as More Than (RSA) has unfairly charged him too much for his home insurance policy, when he's compared what he's paid, to that of his neighbour.

What happened

In late 2023 Mr M made a complaint to RSA about the home insurance premium he'd been paying. Mr M has had home insurance with RSA for a number of years. He's had subsidence claims registered in 2004 and 2009. Mr M said he'd compared his insurance premiums over the last 19 years with that of his neighbour, whose property is attached to his own. Mr M said whilst, over that period, his neighbour had paid a total of around £7,000 to insure his property, Mr M had paid in excess of £34,000.

Mr M said, given he couldn't source insurance elsewhere whilst the subsidence claim was ongoing, RSA had capitalised on this and kept the premiums at an extortionate amount. He said since the subsidence claim was resolved, he's been able to get cover elsewhere (and on the same terms) for around £500, whereas RSA had charged him around £1,700 for the policy year running from July 2023 - July 2024.

RSA responded to the complaint on 22 January 2024. It didn't agree it had charged Mr M an unfair amount for his policies over the years. It said Mr M didn't have to stay insured with it, even whilst the subsidence claim was ongoing. It didn't agree to refund any premiums paid by Mr M.

Unsatisfied with RSA's response, Mr M brought his complaint to the Financial Ombudsman Service for an independent review in May 2024. He said the 2009 claim had taken 15 years to resolve, and this was only concluded due to a final decision being issued by this Service on 4 March 2024. The final decision on that complaint was also issued by me.

In relation to this complaint, our Investigator didn't think RSA had treated Mr M unfairly. She said whilst Mr M said he couldn't get insurance elsewhere whilst his subsidence claim was ongoing, this wasn't the fault of RSA. She didn't think Mr M's neighbour paying less for his insurance meant RSA had treated him unfairly.

Mr M asked for an Ombudsman to review matters. He said a key part of his complaint had been overlooked – that RSA had delayed giving him a certificate of structural adequacy until the claim was settled. He also said RSA fought him over the subsidence claim for 12 years and its delay forced him to pay unnecessarily high premiums for that period. He says the fact that he's now insured his property for less than he'd paid with RSA previously means he's demonstrated RSA has overcharged him.

As the matter hasn't been resolved, it has come 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.

Mr M says RSA delayed his subsidence claim, meaning he paid higher premiums for longer. However, I have already issued a final decision relating to that complaint point in the decision dated 4 March 2024. I found that whilst RSA could have, at some points, moved things along quicker, Mr M and his expert had also, at times, asked for things to pause or delayed matters in search of their own experts. I was satisfied RSA hadn't caused any significant avoidable or unnecessary delay that had resulted in the claim taking so long to resolve. Mr M accepted that final decision and so it is legally binding on the parties. And as it's been subject to a final decision from this Service, I cannot revisit those findings as part of this complaint.

At the point my first final decision was issued, the claim had not been concluded in that the works to reinstate the building hadn't finished. Mr M says RSA delayed issuing the certificate of structural adequacy, meaning he couldn't change insurer. It's not clear to me exactly when this was issued; RSA says it could only be issued once the corrective works relating to the subsidence claim were completed. I consider this is reasonable, given the certificate is issued to provide assurance that the claim related damage has been rectified. However, as RSA settled the subsidence claim by issuing a cash settlement, it wasn't in charge of when the works were completed. Mr M hasn't provided me with anything to show he had the works completed and RSA unfairly refused to issue the certificate meaning he couldn't change insurers. So I'm not satisfied, based on what I've seen, that RSA acted unfairly in this regard.

Mr M says as he's now been able to find cover cheaper elsewhere, he's shown that RSA has been overcharging him. I don't consider that to be the case. Each insurer is entitled to decide which risks it wants to ensure, and it is largely up to the insurer to set the price it wants to charge for insuring those risks. The fact that one insurer might charge less than another for the same cover doesn't make one inherently fairer than the other.

It's also important to set out that the Financial Conduct Authority (FCA) doesn't regulate on the price insurers charge, or the methods an insurer might use to calculate the price. This means the setting of those prices isn't regulated and can't be looked at by this Service. However, this Service can look at whether Mr M was treated in line with other customers, and that RSA calculated his premium correctly based on the information it used.

I've reviewed the information provided by RSA. It accepts Mr M's premium did increase over the years. In 2005 it was around £970. By 2023 it was around £1,700 but had peaked at around £2,200 in the intervening years. RSA says the increases were due to general inflation, as well as being related to claims. I can see that from 2005 Mr M had a number of claims for a variety of insured perils. I haven't seen any evidence that RSA calculated the premium incorrectly based on those claims and the general increase allowing for inflation. So I don't find it has treated Mr M unfairly in what it has charged him over the years.

I understand Mr M feels he was trapped by RSA as other insurers wouldn't offer him insurance whilst his subsidence claim was ongoing. I understand that was a difficult situation for Mr M to be in. But based on what I've seen I'm satisfied RSA hasn't sought to take advantage of Mr M by unfairly increasing his premium during this time.

Mr M says he's been charged substantially more for insurance than his neighbour, even though they have identical properties and the policies they've held give similar levels of cover. I don't know the details of Mr M's neighbour's policies, including any claims they might have made. But without comparing all of the details of the insurance policies I'm not persuaded that Mr M's neighbour being charged less for his insurance means, RSA has treated Mr M unfairly. In saying that I'd draw Mr M's attention back to what I said above about the prices charged by different insurers.

So as I'm satisfied RSA hasn't calculated Mr M's premiums unfairly, it follows that I'm not going to ask it to refund Mr M any premiums he's paid.

My final decision

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 M to accept or reject my decision before 28 November 2024.

Michelle Henderson
Ombudsman