

The complaint

Mr and Mrs P have complained about the amount Acromas Insurance Company Limited charged for their home insurance policy.

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.

Our investigator thought Acromas had made a fair offer to put things right. I agree, and for the same reasons, so I don't think there's a benefit for me to go over everything again in detail. Instead, I'll summarise the main points:

- Mr and Mrs P took out a home insurance policy through S, an independent intermediary, in 2022. It included buildings cover, provided by Acromas. This part of the policy cost around £100.
- In 2023, S invited Mr and Mrs P to renew the policy. Acromas offered to continue providing buildings cover, but at a significantly increased cost – around £600.
- Mr and Mrs P didn't renew the policy. They complained to S about the price increase and a number of other matters. S was responsible for the other matters and a complaint about them has been considered separately.
- The policy contained other cover, provided by other insurers, and charges for services provided by S. As a result, the overall cost of the policy was greater than the figures given above. But as this complaint is solely against Acromas, I'll only consider the costs it was responsible for – which are those above.
- Acromas has shared detailed and commercially sensitive pricing information with this Service. It wouldn't be appropriate for me to reveal it here, as it would become publicly available, so I'll be brief in places. But I can assure Mr and Mrs P I've thoroughly considered it and the figures have been satisfactorily explained.
- Each insurer is entitled to take its own view of risk and, based on that, what price to charge for providing insurance to a particular policyholder. Generally, insurers can take into account any information they wish when deciding how risky something is to insure – as long as they use accurate and relevant information, don't discriminate or single anybody out, and treat each policyholder fairly and reasonably overall.
- In the vast majority of cases, and certainly in Mr and Mrs P's case, policyholders are free to move from one insurance provider to another if they wish. So, if they don't think an offer is competitive, they're entitled to take their business elsewhere and avoid losing out. There's no obligation on an insurance provider to be competitive with others such that they always remain attractive to their policyholders.

- Acromas has chosen to take into account accidental damage claims when deciding how risky it is to provide buildings insurance. As Mr P made such a claim in 2022, that contributed significantly to the price increase. Other factors also contributed to the price increase. Acromas is entitled to decide that these factors increase the risk and increase the price according to its view of risk.
- Acromas has checked the 2023 renewal calculations and discovered an error was made. Aside from that, it had treated Mr and Mrs P the same as it would any other policyholder in the same circumstances. Without the error, the premium would have been around £450-£500 instead of £600.
- I know Mr P was told the error was to increase the price by one percentage, rather than another. Based on the figures he has, those percentages don't make sense. This is because the percentages were applied to another figure, which he hasn't seen, which was Acromas' 'base price' for 2023 – and that was already an increase from 2022. The percentages increased it further, to varying degrees.
- Mr and Mrs P didn't renew the policy, so they didn't pay the incorrect figure and lose out financially. Bearing in mind this is one part of a wider policy – where the overall price had more than quadrupled in 2023 – I think it's unlikely this error made a material difference to Mr and Mrs P's decision not to renew and to move elsewhere.
- Overall, that means I don't think Mr and Mrs P were significantly impacted by the calculation error. But it may have contributed to their concern about the scale of the price increase, so I'm satisfied it was fair and reasonable for Acromas to offer £50 compensation. If it's not been paid already, Acromas should do so.

My final decision

I uphold this complaint. I require Acromas Insurance Company Limited to pay £50 compensation, if not done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Mrs P to accept or reject my decision before 2 December 2024.

James Neville
Ombudsman