

The complaint

Mrs H is unhappy with the service provided by Covea Insurance plc (Covea) when dealing with renewal of her car insurance policy.

Mrs H is being represented by a third party in bringing her complaint to this Service. For ease of reference I have referred to Mrs H throughout this final decision.

What happened

Mrs H took out car insurance with Covea in 2022 through a broker, hereafter referred to as N. In October 2023 Mrs H received a renewal invitation from N confirming the premium she paid in 2022 was £465.12, and advising that her renewal premium was £1.349. Mrs H was unhappy with the increase in premium and shopped around elsewhere for a cheaper policy.

Mrs H took out a policy through another broker, hereafter referred to as I. The policy with I was also underwritten by Covea. Mrs H paid £898.81 for her policy taken out through I. Mrs H complained to Covea about the increase in premium for both the renewal received from N, and the policy taken out through I. Mrs H was unhappy with the substantial increase in premium, and that both brokers had provided different premium quotes in 2023 despite Covea being the underwriter for both policies.

Covea responded to Mrs H's complaint saying that the pricing model for each broker will be different based on what they rate on when working out the premium for a customer. Covea also explained different ratings can affect the premium such as where a car is parked and a customer's age. Mrs H was unhappy with this response, and brought the complaint to the Financial Ombudsman Service.

The investigator found that Covea had acted reasonably and didn't ask Covea to do anything in settlement of Mrs H's complaint. Mrs H 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 Covea need to do anything in settlement of this complaint. I can understand this is likely to come as a disappointment to Mrs H 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 has affected what I think is the right outcome.

Mrs H has raised separate complaints with this Service about Covea, N and I. The scope of this decision covers the complaint against Covea specifically about the price increase in the policies underwritten by Covea, and each broker adopting its own pricing model.

A customer may expect a simple explanation for a price increase like Mrs H 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 they treat people fairly - that is they treat customers with similar circumstances in the same way - insurers are entitled to charge what they feel they need to in order to cover a risk.

In this case I understand that Mrs H thinks that her risk factors hadn't changed. So she doesn't understand the steep rise in premium within such a short amount of time for the renewal sent by N, and subsequent policy taken out through I. But insurers will re-rate the risks they consider 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 Mrs H'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.

I think it's important to mention here, it's for a business to decide what risks they're 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 they've decided to take to risk.

Covea has given us some information about how they calculated Mrs H's premiums in respect of the renewal sent by N, and the policy taken out with I. That information is commercially sensitive so I can't share it with Mrs H. But, having looked at it carefully, I'm satisfied Covea has treated Mrs H as it would other consumers with similar circumstances. So, although I'm not in a position to explain to Mrs H why the premium for the policies offered in 2023 were much higher than what Mrs H paid for her policy in 2022, I'm satisfied that Covea dealt with Mrs H fairly and that they haven't singled her out.

In addition to this, I can see Covea did, in their renewal quote, remind Mrs H that she could shop around to see if she 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 Mrs H fairly, I think Covea has also acted in line with requirements set out under ICOBS.

Mrs H has also raised concerns with different brokers charging different premiums for policies underwritten by the same insurer, in this case, Covea. I understand Mrs H's disappointment with the different pricing models adopted by different brokers, and the impact on the cost of a policy offered to consumers because of this.

But having carefully considered Mrs H's comments, I'm satisfied the pricing model used by a broker is a matter of commercial judgment. It is for a broker to decide how to structure its pricing model, and what charges to associate with it. The scope of this complaint doesn't extend to commenting on the individual pricing models adopted by N and I. But in respect of Covea's responsibility, I'm satisfied the pricing guidelines it has shared shows Mrs H has been treated fairly.

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

I understand that in response to the Investigator's findings, Mrs H has raised concerns about I not offering Mrs H the opportunity to renew her policy. We limit the scope of our decision making to issues which a business has had the opportunity to answer first. This is in line with our rules. If Mr H has concerns with more recent events, she would need to raise these concerns directly with the business. Should Mrs H's concerns remain unresolved, this would be the subject of a new 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 Mrs H to accept or reject my decision before 30 December 2024.

Neeta Karelia
Ombudsman