

The complaint

Mrs H and Mr I complained that their home insurance premium with Aviva Insurance Limited ("Aviva") increased unreasonably following a claim.

What happened

Following a claim for accidental damage in relation to their hob, Mrs H and Mr I were informed at renewal that their home insurance premium was increasing by over 600%.

Mrs H and Mr I were unhappy with this as they had signed up to a three-year fixed price deal, so they weren't expecting their premiums to change at all.

Mrs H and Mr I's broker has explained on behalf of Aviva that the increase in premium is correct. It also said the policy sets out that claims for accidental damage can affect the Fixed Price Terms.

Aviva were asked for information to support our service's investigation of the complaint, but no information was provided.

Unhappy, Mrs H and Mr I took out a policy with a different insurer, which was £715.69 more expensive than the fixed deal with Aviva. Mrs H and Mr I want to be reimbursed this amount.

Our investigator decided to uphold the complaint. As she wasn't provided the necessary information by Aviva to assess whether the pricing of the renewal was fair, she decided to uphold the complaint. She asked Aviva to pay £715.69 plus 8% simple interest per annum, which was the additional cost of Mrs H and Mr I using a different insurer. As neither party responded the case has been referred to an ombudsman.

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.

To clarify Mrs H and Mr I have two complaints raised with our service related to this issue. The pricing they are complaining about is for a bundled costs which includes costs for their brokerage service as well as the cost of their insurance cover. This decision can only focus on one business, which in this case will be Aviva, the insurer.

With many insurers in the market, competition between them ensures that the prices remain comparable and fair. The terms that are offered to customers and the prices that are charged are commercial decisions for each individual insurer. However, our service expects insurers to treat different customers who have similar circumstances the same.

The increase in price does seem extreme for what has been a relatively minor claim. The broker has explained about there having been a period of increasing claims in the industry and increasing costs for repairing properties / and generally settling claims.

However, for me to understand if Mrs H and Mr I have been treated fairly, I'd need to see evidence provided by Aviva from their underwriting rules to justify why the price has increased so much and to provide comfort Mrs H and Mr I have been quoted in the same way any other customer would've been quoted. Unfortunately, despite asking, this information hasn't been provided by Aviva.

Whilst I appreciate the policy states the price of the policy may change at future renewals if a claim of accidental damage is made. I don't think the extreme nature of the increase has been justified as fair and the same for all customers.

As I think the price increase does seem extreme and disproportionate to a small claim of a few hundred pounds, I uphold this complaint. Aviva haven't reasonably justified why this is.

Therefore, as Mrs H and Mr I have gone and secured a new policy with a different provider at a cost of £715.69 more than their current fixed rate policy, then I require Aviva to make good this financial loss and I require Aviva to reimburse this difference, plus 8% simple interest per annum (from the date the additional premium was paid to the date when reimbursement is made) as Mrs H and Mr I have been without this money.

My final decision

My final decision is that I uphold this complaint. I require Aviva Insurance Limited to:

- Reimburse £715.69 to Mrs H and Mr I, plus 8% simple interest per annum.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr I to accept or reject my decision before 3 February 2025.

Pete Averill
Ombudsman