

The complaint

Mrs P complains that Saga Services Limited ("Saga") has treated her unfairly in relation to her motor insurance premiums.

Any reference to Mrs P or Saga includes respective agents or representatives.

What happened

The background of this complaint is well known between parties, so I've provided a summary of events.

Mrs P had previously taken out her motor insurance through Saga, and at renewal in 2024 she was given a quote of £826.35. She was unhappy with this, highlighting the cost had increased around £360 from the year before. Mrs P raised a number of concerns about this:

- The premium had risen significantly, and she questioned this, describing in detail the impact of the increased costs on her household.
- Mrs P questioned the accuracy of Saga's information about her history of no claims, saying she had she'd driven without incident as a policyholder for over 25 years.
- Various service issues experienced from Saga including speed of its responses, as well as concerns about the level of staff responding to Mrs P's letter to its CEO and the quality of the responses, quality of information provided within several phone calls, alongside letters not being signed.
- Mrs P questioned if Saga could include a better discount than the £40 valued customer discount applied.

Saga responded to these points across the following months, including a final response letter on 15 March 2024. In summary it said:

- Saga recognised the premium had risen but it said it had tried to provide the most competitive price it could for Mrs P. It said the quote was based on a combination of Mrs P's individual circumstances as well as its own pricing. It said various factors were considered, including the car model, driver's annual mileage as well as others that may be beyond a policyholder's control – such as national crime statistics. Saga stood behind its quote but said it wouldn't provide a more detailed explanation as this was commercially sensitive.
- In 2019 when Mrs P had re-insured with Saga, it was provided with proof from Company D (a former insurer of Mrs P's) that she had nine years of no claims discount. It said it could not extend this further without a document from Company D showing this continued when the policy ended – and that it was for Company D to update these details.
- Saga had included a £40 valued customer discount as a gesture of goodwill for continued custom. But this could not be increased as this was a maximum discount it could apply.

- Saga apologised for delays in letters reaching Mrs P – it said it was unable to control the speed of the post but apologised for this. It highlighted that an agent had referenced a particular office closing which Mrs P had understood may have impacted the delay in responses. Saga agreed there had been a delay in providing a response to Mrs P but it stood by its response. It said a particular office had closed but re-direction was taking place. It said its handler was best placed to respond instead of the CEO, and that its letters were printed automatically which is why it wasn't signed. It also agreed it had mistakenly referenced home insurance when Mrs P had referenced motor insurance and apologised for this. And it referenced some phone calls which it said were handled appropriately.
- Saga sent Mrs P a cheque for £50 in compensation to recognise the mistakes it had made in handling matters.

The complaint was brought to this Service and one of our Investigators looked into what happened. She didn't uphold the complaint, saying:

- Saga's apology for referring to the wrong product type was sufficient, and its explanation around unsigned letters was reasonable. She felt Saga's agent replying on behalf of the CEO was reasonable and said in all of the above instances these matters didn't have bearing on the wider circumstances of the complaint.
- Mrs P's concern regarding no claims bonus lay with a former insurer – so this was for Mrs P to address with that company and she wouldn't expect Saga to accept this without evidence.
- Saga's calculation on the premium increase had been completely fairly and correctly.
- During calls between Mr P and Saga – she was satisfied Saga had explained reasons around increases in premiums and tried to reduce the price where it could. So, she had no concern about Saga's actions within these calls.
- More widely – the Investigator said premiums have increased across the industry due to increase claims costs linked to the cost of parts, hire car costs and repair delays. So overall she was satisfied the £50 compensation was fair in the circumstances.

Mrs P disagreed, highlighting the increase was much higher than policies for people she knew. She said Saga had avoided answering some of her questions, and questioned whether Saga was correct in saying £40 was a cap on goodwill discounts, as well as whether it was made clear how this applied in the renewal. She also raised concerns about whether Saga/Company D had been clear enough about no claims discounts more widely. As well as reiterating concerns about delays in receiving responses to complaints.

The Investigator didn't change her mind, so the complaint has been passed to me for an Ombudsman's 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.

Having done so, I'm not upholding this complaint.

My role as an Ombudsman at this Service requires me to say how I think a complaint should be resolved quickly and with minimal formality. That means I'll focus on what I consider to be the crux of the complaint.

Where I don't comment on every point made by the parties, that's not to say I haven't seen or considered them, it's just I don't consider it necessary to specifically reference them in reaching my decision. This is not intended as a discourtesy, but a reflection of the informal nature of this Service.

Given Mrs P's complaint spans a few separate issues, I'll address this in turn.

Pricing

I recognise Mrs P feels strongly about the increase in her premiums, and I sympathise for the impact of this sort of financial burden an increase may cause.

As a Service it isn't our role to tell a business what it should charge for the insurance it is offering, or what factors to consider when deciding this. This is a commercial decision and not one for this Service. But we can look at individual complaints and see if businesses have treated a customer fairly when pricing their policy to ensure they've not taken advantage of a group or individual with the approach they've taken. And that's what I've done in this case.

Saga is an intermediary and uses a panel of underwriters from which it selects a price for a customer based on their individual risk. This premium is set by Saga.

Saga has said the calculations it relies upon are commercially sensitive. But it has provided them to this Service to review. I've reviewed these and I can confirm the price it has given within its 2024 quote is in line with its calculations and as a result, I'm satisfied it has treated Mrs P fairly in the circumstances.

No claims discount

Mrs P has questioned the accuracy Saga holds about her no claims history. I'm satisfied Saga has relied upon the evidence it was given by Company D. I wouldn't expect Saga to make amendments to this sort of detail without supporting evidence, so I think it handled this request reasonably. Mrs P raised wider concerns about awareness of this sort of issue occurring, this falls outside the scope of my review of Saga's actions as I think it has been clear on this matter.

Valued customer discount

Mrs P received a £40 discount within her premium that Saga has said was the maximum amount it could offer as a goodwill gesture for being a valued customer. Mrs P has questioned whether it could provide more and requested this Service to answer whether the FCA has rules around this.

There are requirements on all businesses at renewal to make sure they do not charge any customer more than the equivalent new business price. This ensures all customers are treated fairly and loyalty is not taken advantage of. Whether beyond this, a business can offer a discount on this price is its decision to make and it is a commercial one which this service, nor the FCA would dictate – providing there is compliance with the wider pricing principles and fair value.

So, as above, the nature of a goodwill gesture reduction isn't something I would want to interfere with given it's a commercial decision for Saga to make. So, whether it can increase this or not has no real bearing on my view on whether it has treated Mrs P fairly.

Service issues

Saga has accepted it has made mistakes in places, so I have to determine whether the £50 compensation it has awarded is fair and reasonable in the circumstances.

- Saga has apologised for delays in letters arriving. I agree there appears to be times where communication could've been better across the life of this matter.
- Saga has also acknowledged its agents may have confused matters at times, referring a closed office that Mrs P had sent post to. It seems this didn't overall impact post being sent to Mrs P or received by Saga, but I can understand why it gave them this impression.
- I see no reason in Saga's agents responding on behalf of the CEO's office. This is a commercial decision to be made by Saga and not something I'd seek to interfere with.
- Mrs P has referred letters not being signed. I recognise this may have come across as unprofessional to Mrs P – but I'm satisfied the explanation given by Saga (these were automatically printed) supported why this was the case.
- I note Saga referred mistakenly to home insurance instead of motor insurance. I can see why this may have given Mrs P the impression Saga wasn't paying attention to her complaint. But I'm satisfied its apology recognised this.
- I've listened to the calls that have been referenced about the quotes. I've heard nothing within these calls that persuades me these weren't handled appropriately.

Overall, I'm satisfied Saga's recognition of its mistakes, apology, and compensation of £50 is a fair and reasonable resolution to this matter. So, I'm not going to direct it to do anything further.

My final decision

For all of the above reasons, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 7 March 2025.

Jack Baldry
Ombudsman