

The complaint

Mr G complains about the price charged by Liverpool Victoria Insurance Company Limited ("LV") to renew his car insurance policy and about their decision to accept liability for a claim.

What happened

Mr G says he was involved in a car accident in 2018, and this was the only claim he'd made in five years. Mr G believes LV disregarded his account of the accident circumstances and admitted liability which, as a consequence, has led to his premium increasing since the accident. Mr G also says this shouldn't have been the case as his No-Claims Discount ("NCD") was protected. So, Mr G complained about LV admitting liability and about the price increases.

LV responded and explained Mr G had pulled out into a main road and a third party appeared to have changed lanes, coming from the right, and an impact occurred. They said a driver pulling out into a main road had a greater duty of care in circumstances where another driver is already established on the road. LV said they consider many different factors at renewal – and a claim is one of these factors. LV confirmed a claim stays on the policy for five years, after which it's no longer taken into account.

Our investigator looked into things for Mr G. He thought LV's liability decision wasn't unreasonable and they hadn't treated Mr G unfairly in relation to the pricing. Mr G disagreed so the matter has come to me for a 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've decided not to uphold the complaint. I understand Mr G will be disappointed by this but I'll explain why I have made this decision.

Liability decision

My starting point is Mr G's motor insurance policy booklet. This sets out the terms and conditions and, under a heading 'Accident and claims procedure' it says, "*We're entitled to...have total control to conduct, defend and settle any claim...*"

When an accident occurs, it's the insurer who'll decide how the claim should be settled - this includes determining which party was at fault. An insurer might choose to accept liability, propose or agree to split liability, or choose to defend any allegation of liability. While this decision rests with an insurer, and it's not the role of our service to decide who is at fault for an accident, we can look to see whether an insurer has handled the claim in a fair and reasonable manner. So, although the terms and conditions allow LV to decide liability in the claim made against Mr G, I've looked into how and why LV reached their decision and the evidence and arguments they considered before making a decision.

I acknowledge Mr G believes LV disregarded his account of the accident, but the information shows LV did take into account the information provided by Mr G when reporting the accident circumstances. The claim notes show Mr G described the accident circumstances and LV noted Mr G had pulled out of a garden centre and was turning left onto a main road. The claim notes say Mr G thought it was clear and so he pulled out and a collision occurred with the third-party car coming from the right, with the impact being to Mr G's car's front offside. LV explained to Mr G around this time they would be accepting liability, and I can't see Mr G challenged this at the time.

The information shows Mr G did challenge this a few years later, and it appears this was because of the impact it was having on the price of his policy. The claim notes show LV took the view that Mr G had pulled out into the flow of traffic and, because the third party's car was already established on the road, they had right of way. LV also found that the damage to both cars was consistent with Mr G having pulled out into the third party's path. LV did write to Mr G and explained they took into account the possibility that the third-party might've "...veered into the inside lane...", but they explained this still didn't change the fact that the third-party was already established on the road and Mr G's car was the one merging into this road. LV then said, given these circumstances, Mr G had the greater duty of care.

I acknowledge Mr G maintains the third-party was responsible for the accident, and he has described how he entered the nearside lane of the main road when it was safe to do so. He says he'd travelled around 30-40 yards and had been overtaken by some cars in the outside lane. He says the third-party then cut across the front of Mr G's car and this caused the collision. Mr G also refers to the damage and how he believes it's consistent with the third-party having caused the collision. I have considered all points made by Mr G, but I'm not persuaded LV have acted unreasonably in accepting liability. The damage to both cars is consistent with the accident circumstances accepted by LV, and I don't think it's unreasonable for LV to take the view that Mr G owed a greater duty of care given he was entering a road on which the third-party's car was already established.

I understand Mr G believes that LV making reference to the third-party veering into the inside lane suggests they've accepted the third-party cut across the front of his car. But I don't believe that is what LV are suggesting here. The alternative circumstances they're considering here is the possibility that the, already established third-party car, might've veered from the outside lane into the inside lane at the point Mr G had merged into the road.

LV have also provided a satellite view of the garden centre and have marked Mr G's direction of travel as well as the direction from which the third-party approached – and this is consistent with the account of events LV took into account. In deciding this part of the complaint, I've also taken into account that Mr G didn't at the time, or indeed for several years after LV notified Mr G of their liability decision, challenge the accident circumstances LV took into account. So, I'm more persuaded LV haven't acted unreasonably in accepting liability.

Renewal prices

The role of this service when looking at complaints about insurance pricing isn't to tell a business what they should charge or to determine a price for the insurance they offer. This is a commercial judgement and for them to decide. But we can look to see whether we agree a consumer has been treated fairly – so is there anything which demonstrates they've been treated differently or less favourably. If we think someone has been treated unfairly, we can set out what we think is right to address this unfairness.

Mr G complains about the premiums he has been charged following the accident. The first policy which took the claim into account was the renewal in December 2019 – when Mr G paid £1,016.30. In 2020, Mr G paid £1,149.76, followed by £1,643.69 in 2021 and £1,867.72 in 2022. Then in 2023 Mr G paid £2,823.74. The price has increased each year, so I do understand why Mr G is concerned, particularly as the price of the 2023 policy increased by around £1,000.

LV have provided me with confidential business sensitive information to explain how Mr G's prices were calculated. I'm afraid I can't share this with him because it's commercially sensitive, but I've checked it carefully. And I'm satisfied the prices he was charged have been calculated correctly and fairly and I've seen no evidence that other LV customers in Mr G's position will have been charged lower premiums.

The claim has had an impact on the price Mr G was charged – but the information shows this had a bigger impact in 2019 and then steadily lessened over each of the subsequent renewal years. The information shows there was a fault claim recorded against Mr G's policy so it's not unfair for LV to have taken this into account when rating the policy. I think it's also important to mention, there is a noticeable increase from 2020 to 2021, but the information shows Mr G added a second vehicle to the policy. I've seen how this impacted the policy, so I can't say the increase is unfair.

Another factor which has had an impact relates to a general cost increase applied by LV. It's been widely publicised over the last year that the price of insurance has increased due to claims inflation and insurers facing rising costs in settling claims. And in the case of motor insurance, this includes the cost of used cars going up as well as parts and materials. I've seen how Mr G's policy was rated and the loadings which have led to the price increase. This forms part of LV's pricing model so it applies to all policies. I think that's important here as it demonstrates the pricing model used to calculate Mr G's premiums was no different to what was used for any other customer in the same circumstances.

I acknowledge Mr G feels the price increases are unfair. But 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. As mentioned, I've seen the factors LV took into account when rating and pricing Mr G's policies. And I can't say these factors are unusual, uncommon or otherwise unfair when rating a motor insurance policy. So, I can't say LV have acted unfairly here.

In addition to this, I've seen the renewal invites sent to Mr G and I can see LV did remind Mr G that he could shop around to see if he could get a better price. As there have been at least four renewals, then 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 Mr G fairly, I think LV also acted in line with requirements set out under ICOBS.

I can see Mr G is particularly concerned about the price increases given that he has protected NCD. I want to reassure Mr G that the information I've seen shows that, for the renewal years Mr G is complaining about, he had the benefit of LV's maximum NCD period of nine years – and this remained protected. I think it's important for me to clarify, the protected NCD is designed to protect a policyholder's accrued years and associated discount for not having an accident. This generally means that, in the event of a claim, a policyholder's NCD is not stepped back - which could result in an increase in premium. This is different to the reason for the premium increases here though as this was driven by the

statistical model LV's pricing team used in relation to the likelihood of another accident happening, as well as other factors. I can see LV have explained this in the policy terms and conditions. It says, *"If your NCD is shown as protected on your schedule, it won't be reduced irrespective of the number of accidents/claims made. However, your premium may still increase following an accident/claim even if you were not at fault."*

I acknowledge Mr G is concerned about the claim still showing on his 2023 policy, but I can see LV explained to Mr G, given the accident occurred shortly after the renewal in 2018, it was too late to be risk assessed as part of this policy year. So, the claim was factored into the 2019 policy and through to 2023 – so it was factored into five policy years. I do acknowledge Mr G's concern about his 2023 policy also having the claim factored into it, but this policy was rated before a full five years had lapsed since the accident. So, even though the claim risk factor had lessened by 2023, I can't say LV have acted unfairly in factoring the claim risk into the 2023 policy.

I wish to reassure Mr G I've read and considered everything he has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

My final decision

For the reasons I have given, it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 27 May 2025.

Paviter Dhaddy
Ombudsman