

The complaint

Mrs B complains about Aviva Insurance Limited (“Aviva”) and its decision to refuse the renewal of her home insurance policy. As a result, she has been unable to get insurance elsewhere.

What happened

Mrs B has home insurance with Aviva.

Over the past few years Mrs B has had a run of unfortunate and stressful events which has meant she’s had to make more claims than usual on her policy. Mrs B says she’s held the policy with Aviva for 24 years.

In 2023 Aviva declined to renew her insurance policy and Mrs B says as a result she hasn’t been able to obtain a policy elsewhere. She says this is having an impact on her health and wellbeing.

Mrs B says Aviva has caused her stress and anxiety by declining to renew her insurance. She wants Aviva to pay for the cost of her insurance policy with an alternative provider. Mrs B also wants Aviva to cover the losses in her previous claims including repairing her bangle under the accidental damage cover. Because Mrs B wasn’t happy she complained.

Aviva said it wrote to Mrs B before her policy was due to renew to tell her she no longer met the eligibility criteria and so it wouldn’t renew the policy. Aviva say the reason it declined cover was due to the level of claims made in the last three years. Aviva refunded Mrs B approximately £72 which was for a rug added to the policy as a specified valuable. Aviva’s underwriting criteria changed in 2019 so it issued a refund from June 2019 to June 2022. Aviva accept there was some delay in providing Mrs B with the refund, so it offered Mrs B £50 compensation.

Mrs B wasn’t satisfied with the response from Aviva, so she referred her complaint to this service. Our investigator said based on what he’d seen he thought Aviva had acted fairly and reasonably. He said he’d reviewed Aviva’s underwriting criteria and was satisfied Mrs B no longer met the terms. So, he said it was reasonable for Aviva not to offer Mrs B a renewal.

Mrs B didn’t agree. She said Aviva only gave her a refund on the premium four years later. Because Mrs B didn’t agree the complaint has come to me to decide.

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.

I have seen Aviva's underwriting criteria. The underwriting criteria is commercially sensitive information and so Aviva are not obligated to share with Mrs B, nor is our service able to describe what it contains.

Having reviewed this information, I'm satisfied Aviva acted within these criteria when deciding not to offer Mrs B the option of renewing her home insurance policy. And that these criteria took into consideration all the claim information it had available, which falls in line with the standard industry approach.

While Mrs B may feel this is unfair, a business is entitled to set its own criteria on what risk it is willing to insure. And this falls under a business's own commercial process – any issue Mrs B has about the fairness of this would need to be directed to the industry regulator, the Financial Conduct Authority (FAC), rather than this service.

An insurance policy acts as a contract between a consumer and insurer – where this relates to an annual policy, as is the case here, there's no obligation on either the insurer to offer a renewal after the original policy lapses, or for the consumer to accept a renewal. An insurer will consider the presentation of risk each year to decide whether to offer a renewal and if so, the terms of that.

So, I think Aviva's decision not to provide cover was a reasonable one, based on the underwriting criteria it works within.

Premium refund for rugs

In May 2024 Aviva wrote to explain its criteria had changed and a particular rug didn't need to be specified separately on the policy. So, it refunded Mrs B for the time she paid an additional premium for it. Aviva added 8% interest to the payment.

Aviva has put Mrs B in the position she would have been in, had the error not occurred. I think this is fair and is what I would have directed if Aviva hadn't.

Mrs B says she would have continued paying an additional premium for the rug if Aviva hadn't realised the error. I note Mrs B removed the rugs from her cover in 2022 so I'm pleased to see this didn't happen.

In terms of the service provided to Mrs B in respect of the delay in providing the premium refund for the rug, it is accepted by Aviva that it could have done better. So, I don't think the merits of the issue is in dispute. But having considered the £50 compensation offered, I think this payment is a fair one that falls in line with our service's approach and what I would have directed, had it not already been made.

I think it fairly compensates Mrs B for the inconvenience she would have been caused while fairly reflecting the error. I think the payment is proportionate and fairly addresses the impact caused to Mrs B.

Consumer Duty

Under the industry rules, firms have a duty to give consumers the information they need at the right time to allow them to make informed decisions.

Given the complaint being raised by Mrs B, I believe the relevant Consumer Duty outcome she is referring to here is consumer understanding. This requires businesses to give

consumers the information they need, at the right time, and presented in a way they can understand. That way they can make informed decisions.

I can see that Aviva wrote to Mrs B to explain that she no longer met its underwriting criteria as a result of the number of claims she made. It explained that she would no longer have cover after the policy lapsed and she would need to arrange an alternative policy. Aviva provided her with details of who she could contact if she was struggling to find cover. I have reviewed the information provided and it explains what Mrs B needs to do next.

So, while I appreciate why Mrs B feels Aviva has acted unfairly and I don't doubt her unhappiness that she is unable to renew her policy, I don't think I can say Aviva has done anything wrong, or breached Consumer Duty here. So, I don't think Aviva needs to do anything more regarding this complaint issue.

I want to reassure Mrs B that I've read and considered everything she has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen 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 reflects 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 Mrs B to accept or reject my decision before 10 March 2025.

Kiran Clair
Ombudsman