

The complaint

Mr H complains about the increase in premiums for his multi-vehicle motor insurance policy and home insurance policy with Admiral Insurance (Gibraltar) Limited (Admiral) when the policies came up for renewal, following a non-fault accident.

References to Admiral in this decision include their agents.

This decision covers Mr H's complaint to this Service in August 2024, following Admiral's final response issued to his complaint to them in May 2024.

What happened

Mr H had a multi-vehicle motor insurance policy and a home insurance policy with Admiral which came up for renewal in April 2024. He received renewal notices in which his annual premium (for his principal vehicle) increased from £370.55 the previous year to £858.49 (an increase of 132%). There were also increases in the renewal premiums for his other vehicles and home insurance of some 71%.

Mr H was concerned at the increases, which he thought may have been the result of a non-fault claim he made in October 2023, when his principal vehicle was hit by another vehicle in a supermarket car park. The other vehicle didn't stop, and Mr H had to make a claim for repairs of the damage to his vehicle.

Mr H challenged the increases in his premiums and Admiral reduced the increases (an overall increase of 51% across all policies and 93% for his principal vehicle, the latter premium being £711.21). Mr H was told by Admiral the cost of claims had increased significantly over the previous year, leading to a general increase in premiums. Admiral agreed to provide more detail to Mr H, but subsequently provided a similar explanation for the increases.

While unhappy at the increase, Mr H renewed his policies (although he removed himself as a driver of three vehicles from his policies, which led to a further reduction in premium). Having experience in insurance, Mr H was also concerned at how Admiral had calculated his renewal premiums, so he complained to Admiral.

Admiral didn't uphold the complaint. In their final response, they said the cost of claims had been increasing over the last few years, affecting premiums. One reason was inflation driving an increase in the cost of materials and labour, as well as the cost of replacing household goods. Admiral rated policies not just on the likelihood a claim would occur but also the likely cost of that claim. As rebuild, repair and replacement costs went up, that would be reflected in premiums. While these increases were offset for some policies by background decrease (such as an area being considered lower risk) this wasn't the case with Mr H's policy.

Premiums were made up of a number of rates based on risk presented, which were complicated. In the case of the non-fault claim made by Mr H, the data held by Admiral suggested this would affect the likelihood of future claims (and therefore the rating factor

applied to the calculation of premiums). So, it was a business decision by Admiral to rate on non-fault claims.

Mr H then complained to this Service. He was unhappy at the increases in his renewal premiums and wanted to understand the reasons for the substantial increases, given the claim he made was non-fault. He was also unhappy at Admiral's response to his complaints to their senior management.

Our investigator concluded Admiral didn't need to take any action. She noted that a non-fault claim was likely to increase premiums at policy renewal and the largest increase was to his principal vehicle. Admiral confirmed the claim drove a large proportion of the premium increase and provided pricing information for each vehicle indicating a number of different rating factors had increased. She concluded there wasn't any evidence Admiral calculated the renewal premiums incorrectly or Mr H was treated any differently than would another customer in a similar position. Admiral also provided information about their home insurance criteria showing their base rates for policies had increased. They also provided a breakdown of how the policy was priced, which indicated they'd applied their pricing criteria fairly.

On Mr H's unhappiness about how his correspondence to Admiral's senior management had been dealt with, the investigator thought it wasn't the role of this Service to tell Admiral how they answered complaints. But Mr H had been provided with a final response to his complaint. And while Mr H had wanted to speak to one of Admiral's underwriters, it was Admiral's choice whether to do this (they'd passed on information from underwriters for their customer services team to relay to Mr H).

Mr H disagreed with the investigator's view and asked that an Ombudsman review the complaint. He questioned why he hadn't been provided with the pricing information Admiral had sent to our investigator. He also questioned whether there were other customers who had a combined policy covering six vehicles and home insurance, saying his position was unusual in this respect. He also raised concerns about whether Admiral's algorithm used to calculate premiums was operating correctly and why he wasn't able to have a direct discussion with Admiral's underwriter(s).

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.

My role here is to decide whether Admiral have acted fairly towards Mr H.

Having reviewed the evidence I don't think Admiral need to do anything in settlement of this complaint. I know this is likely to come as a disappointment to Mr H, but I hope my findings explain 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's affected what I think is the right outcome.

A customer may expect a simple explanation for price increases like Mr H experienced. But for an insurer, there may be many variables to consider when setting a premium – including their 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. I think it important to mention 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.

Turning to the detail of Mr H's complaint, the principal issue is the significant increase in the premiums for the vehicles covered under his multi-car policy and for his home insurance. This is in the context of the non-fault claim he made during the preceding policy year, for an accident for which he wasn't responsible. Mr H questions why the premiums have increased so significantly at the subsequent policy renewal and whether Admiral's pricing algorithm has applied correctly in his circumstances. Admiral point to a range of factors behind the increases and say they have been applied correctly in Mr H's circumstances.

On the issue of the increase in Mr H's premium when his policy came up for renewal in March 2024, I asked Admiral to provide detailed information on the breakdown of the increase. They responded to set out a range of factors that drove the increases, compared to the equivalent premium from the previous year. The non-fault claim did lead to a large proportion of the premium increases (the largest increase applied to the principal vehicle involved in the accident). Admiral confirmed the claim was listed as non-fault for rating purposes (and that it didn't affect Mr H's No Claims Discount (NCD)).

The factors affecting the premiums included the following, affecting all or some of the vehicles covered under the policy:

- The number of fault and non-fault claims within the previous rating period and the number of years' NCD (for 2024, the non-fault claim would have increased the rating and there may have been a further year's NCD).
- General increase in premium, reflecting market pressures such as inflation and increase in costs.

There were also a number of other changes to individual rating factors, affecting one or more of the vehicles.

At this point, I'd want to address Mr H's point about sharing information provided by Admiral about their pricing approach and its application in Mr H's case. Insurers constantly update how they rate the risk of consumers. And their rates continually change. Admiral has provided the detailed, confidential business sensitive information to explain how Mr H's premium increases were calculated. I can't share that with Mr H, but I've reviewed it carefully. I'm satisfied the renewal prices quoted have been calculated correctly and Admiral's customers in Mr H's position will have been charged similar premiums (noting Mr H's point about his having a policy covering six vehicles and home insurance).

I've then looked at other evidence and information.

I can see Admiral said in their renewal invitation that Mr H should check the renewal and level of cover still suited his needs and that he may want to shop around to compare cover and price against other providers. And that having been with Admiral for a number of years, he may be able to get the insurance cover he wanted at a better price if he shopped around. 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, I think Admiral have also acted in line with requirements set out under ICOBS.

The reference to adjustments to base rates is consistent with public coverage of the increase in the cost of motor insurance over the past year or so. For example, the Association of British Insurers (ABI) published an article in January 2024¹ stating costs were up 12% on the previous quarter (Q4 versus Q3 2023), driven by record increases to insurers to pay claims.

¹ <https://www.abi.org.uk/news/news-articles/2024/1/motor-insurance-premiums-continue-to-rise-as-insurers-battle-costs/>

While Mr H is concerned about the impact of the non-fault claim on the premiums for the vehicles on his policy, I've also considered the pricing information provided by Admiral on the increase in the premium for the home insurance element of the policy. Here the primary reason for the increase was an increase in premium in line with the widely reported general increase in market rates. Admiral refer to the increasing cost of claims over the last few years, with inflation driving increases in the cost of materials and labour as well as the cost of replacing household goods.

Taking all these points into account, I've concluded Admiral have provided sufficient explanation for the increase in Mr H's premiums and that they are consistent with their pricing model and applied to Mr H's circumstances, including the non-fault claim made in the previous policy year. So, they've acted fairly and reasonably.

The other aspect of Mr H's complaint is Admiral's response to his complaint, including the letters he sent to their senior management (following Admiral's final response). He's unhappy at what he feels is a lack of an appropriate response and that he also hasn't received follow up from Admiral and their underwriter(s) as he was expecting.

However, I haven't seen anything to show Admiral has handled the complaint unfairly. In this case, as I'm satisfied with the evidence and information provided by Admiral explaining the reasons for the increases in Mr H's premiums and this isn't something I can require them to share. This would also include Mr H's point about having a discussion with Admiral's underwriter(s), which is an operational matter for Admiral and not something I can require them to provide.

My final decision

For the reasons set out above, it's my final decision not to uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 7 April 2025.

Paul King
Ombudsman