

## **The complaint**

Mr T has complained about the administration of his travel insurance policy by Astrenska Insurance Limited, in particular the increase in premium following a change in health declaration.

For simplicity, all references to Astrenska include its appointed agents.

## **What happened**

The background to this complaint is not in dispute. In summary Mr T had an annual travel insurance policy underwritten by Astrenska. He had paid an annual premium of the £442. With two months left to run before his annual renewal, Mr T declared a change in health - a broken wrist. Astrenska agreed to continue cover but requested an additional premium of £333.97.

Mr T complained about the increase of 43% in his premium for one incident and for a short period of time. He felt that the additional premium was unreasonable and illogical. He was not given a breakdown so didn't know how the additional charge was calculated. Unhappy with the response to his complaint, Mr T referred it to this service.

Our investigator acknowledged the information that Astrenska provided but asked to see the relevant underwriting guide to show how the increase in premium was calculated in order to determine whether Astrenska had treated Mr T fairly. The evidence wasn't provided so the investigator concluded that Astrenska hadn't provided sufficient evidence to show that it treated Mr T fairly and as it would any other customer in the same circumstances. He recommended that Astrenska refund the additional premium Mr T had paid, with interest.

Astrenska didn't accept the investigator's assessment. It apologised for any lack of clarity in its previous responses. It explained it did have an extensive underwriting guide, but this was purely for internal use and didn't contain information relating it to policy pricing. It said this was because there were a number of different factors that could impact a customer's premium so that it wasn't as simple as saying an additional premium or percentage amount should be charged for certain conditions. Astrenska said as it was an internal guide, with business sensitive information that did not address this specific complaint it was not in a position to share it in whole or in part.

Astrenska also explained that along with the majority of other travel insurance providers in the market it used a risk rating service when looking to offer cover for pre-existing medical conditions. This service provides a rating score which is based on various factors, including the destination or region the customer was travelling to and whether the policy was an annual one or a single trip policy. It explained the risk rating tool did not incorporate personal characteristics such as gender, age, post code etc. Astrenska was satisfied that all scores provided were therefore done so on an unbiased basis. It said that the score returned by the risk rating agency was used to determine the underlying net rate and final selling price. In Mr T's case Astrenska said that the proximity of the declaration, the broken wrist, and the lead in time to travel was a factor which meant that the risk scoring went from 1 to 4. Finally Astrenska felt that the suggestion that it should show the calculation for how the score

(combined with other risk factors such as region) translates to a premium seemed to be crossing into commercially sensitive information.

As no agreement has been reached the matter has been passed to me to determine.

### **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 agree with the conclusion reached by our investigator. I'll explain why.

The relevant regulations provide that insurers must support retail customers pursue their financial objectives and treat them fairly when pricing and rating a policy.

And whilst I haven't disregarded the submissions that Astrenska has made regarding its underwriting guide and risk rating tool, I haven't seen any meaningful breakdown. I would make the point here that, in the circumstances of this case, I find it's important to see a more complete breakdown of how the additional premium was calculated as it represented a sum which was 75% of the total premium Mr T had already paid. I also think it's important to keep in mind this sum only covered a two-month period whereas the original premium covered a full year. So the fact remains I am not able to determine whether the increase in Mr T's premium is fair or offers fair value without sight of the guide and tool information in relation to Mr R's increase.

Of course insurers are entitled to determine which risks they are willing to take, and the premium they will charge based on the risk. This is a matter of commercial discretion with which this Service won't interfere. Astrenska is aware that we can accept commercially sensitive information in confidence. But without any evidence to show how the additional premium was calculated here, I'm unable to say Astrenska treated Mr T fairly when charging him the additional premium it did following his declaration of a broken wrist.

This being so I require Astrenska to refund the increase in premium paid with interest.

### **My final decision**

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

- Refund Mr T £333.97.
- Add 8% simple interest to this refund from the date paid until settlement.

If Astrenska considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr T how much it's taken off. It should also give him a tax deduction certificate if he asks for one so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 15 May 2025.

Lindsey Woloski  
**Ombudsman**