

The complaint

Ms A complains about Admiral Insurance (Gibraltar) Limited (Admiral) increasing the renewal premium on her motor insurance policy when she didn't think there had been any change to her circumstances. She was told by Admiral there had been an incident recorded against her insurance record, but she hadn't made a claim.

References to Admiral in this decision include their agents.

What happened

Ms A had a motor insurance policy with Admiral that was due for renewal in November 2024. She received a renewal notice in October 2024, which showed an increase in her premium from £789.36 the previous year to £1,264.77. She didn't think there had been any change in her circumstances that would have led to such a significant increase. She called Admiral to query the increase and was told there had been an incident in March 2024, logged against her insurance record. Ms A challenged this, as she hadn't made any claim under the policy.

Ms A's version of the incident was that it involved a neighbour and Ms A noticing a slight mark on a rear light. Ms A felt intimidated by the neighbour and contacted Admiral at the time. Given the slight mark on her vehicle she decided not to pursue the matter and make a claim (as she would be required to pay the policy excess of £200). Nor did she want to exacerbate relations with her neighbour.

Unhappy at Admiral recording an incident on her insurance record (and the impact on her renewal premium), Ms A lodged a complaint. In doing so she said she was told by a call handler it wouldn't be upheld. Ms A also submitted a Subject Access Request (SAR) to obtain her personal information held by Admiral.

Admiral subsequently called Ms A to provide an explanation of the increase in premium, referring to potential factors. But Ms A didn't think the explanation was specific to her circumstances. Following the call, Ms A received an email headed 'Confirmation of Policy Cancellation' which included a section on claim/incident details setting out the date of the incident in March 2024, a bonus status as 'Non-Fault', cost of claim as £0 and 'No Claim' under Claim Details. (Ms A had opted to cancel her policy, rather than it renew).

Admiral didn't uphold Ms A's complaint. In their final response, they appreciated Ms A hadn't made any changes to her policy and wasn't expecting a premium increase. When they calculated a renewal premium they took account of factors such as personal and car details, address and claims history. Admiral noted the incident Ms A reported in March 2024, which caused the renewal premium to increase. While appreciating the incident wasn't Ms A's fault, they considered such incidents when calculating premiums. They added their claim results showed where customers were involved in non-fault incidents they went on to make a fault claim in the future (the likelihood increased). She was under no obligation to accept the quote and renewal notices were issued in advance to give customers time to shop around.

Admiral added that automatic renewal still allowed Ms A time to shop around and avoided the risk of a customer not renewing their policy and being left uninsured (which was

important given the introduction of Continuous Insurance Enforcement legislation). And it was common practice across the insurance industry.

Ms A then complained to this Service. She thought Admiral had breached multiple aspects of the Financial Conduct Authority (FCA) Consumer Duty by unfairly logging an incident against her insurance record without her consent, which she considered an unethical practice. She also considered Admiral had breached the Consumer Duty principles of Price and Fair Value, Consumer Support and Consumer Understanding as well as the three cross-cutting rules (Acting in Good Faith; Avoiding Foreseeable Harm; and Enabling the Customer to Achieve Their Financial Objectives).

She wanted Admiral to remove the incident from her insurance record, as she hadn't made a claim and wasn't at fault. She also wanted this Service to investigate whether Admiral's practices complied with the Consumer Duty in respect of their handling of customer complaints, premium calculations and taking advantage of consumer circumstances (using non-fault claims or incidents to unfairly increase premiums).

Our investigator concluded Admiral didn't need to take any action. Admiral had provided the data recorded on the incident reported by Ms A, indicating her vehicle had been hit by the neighbour while parked. Ms A didn't want to make a claim or request services under the policy until liability had been accepted by the neighbour. The claim was subsequently closed (at Ms A's request) as 'notification only'. This meant no costs were incurred or claim made under the policy. Based on this, the investigator concluded it was fair for Admiral to record the incident (there was an obligation on policyholders to notify Admiral of any incident, regardless of fault).

On the increase in renewal premium, Admiral provided their underwriting criteria and how this impacted the renewal premium. While unable to share the information with Ms A due to its commercial sensitivity, the investigator considered the information in forming their view. One factor was claims history and Admiral's claim records led them to conclude a non-fault claim or notification-only incident increased the likelihood of a future claim being made. Admiral had shown this information was used for all customers, so Ms A wasn't treated any differently or unfairly, in line with Admiral's approach to pricing.

The investigator also considered the impact of the FCA Consumer Duty, but concluded it didn't affect their view, as Ms A wasn't treated any differently to any other consumer.

Ms A disagreed with the investigator's view and asked that an Ombudsman review the complaint. She challenged the accuracy of some points in the investigator's view, including the description of the incident, saying there was no 'accident' or 'claim' and it was Admiral's decision to record her enquiry as a 'notification only' claim without her consent. Nor should a notification only incident have any bearing on her premium. Recording it in the way they did was misleading and didn't reflect what actually happened and was inconsistent with fair and transparent practices required under Consumer Duty. Ms A also said there were multiple other breaches of Consumer Duty (transparency, fair value and avoiding foreseeable harm).

Ms A also challenged Admiral's view that customers reporting non-fault incidents were more likely to make future claims, saying it was speculative and unsupported by evidence. Not sharing Admiral's underwriting criteria meant she was unable to verify its accuracy or fairness. Nor was it fair to place the burden of providing further evidence on her when the relevant information was held by Admiral. She restated her request that the incident be removed from her insurance record.

She had been a customer of Admiral since November 2018 and hadn't previously seen such a significant increase in premium, so the 2024 renewal quote didn't represent 'fair value'.

She'd looked for alternative cover and found a significantly lower premium from another insurer (and better cover).

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 Ms A. Ms A also raises the issue of whether Admiral have more generally acted in line with the requirements of Consumer Duty, wanting this Service to investigate whether their practices complied in respect of handling of customer complaints, premium calculations and taking advantage of consumer circumstances (using non-fault claims or incidents to unfairly increase premiums).

However, these more general issues would fall under the remit of the FCA, as the regulator of financial services businesses. The role of this Service is an informal dispute resolution service for consumer complaints – not a regulator. So, we can assess whether Admiral have met the Consumer Duty requirements in the specific circumstances of Ms A's complaint, which is what I will cover in this decision.

Ms A's complaint contains several elements. Taking them in turn, first, there's Admiral's decision to record the incident as 'notification only' on Ms A's insurance record. Ms A thinks this unfair, unethical and shouldn't have happened without her consent. Following on from this, there's the impact on Ms A's renewal premium, where she's unhappy at a significant increase given her circumstances hadn't changed and she hadn't made a claim.

Running through these issues are what Ms A says are multiple breaches of the FCA Consumer Duty, including the principles of Price and Fair Value, Consumer Support and Consumer Understanding as well as the cross-cutting rules (Acting in Good Faith; Avoiding Foreseeable Harm; and Enabling the Customer to Achieve Their Financial Objectives).

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 Ms A, 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.

Turning to the first issue, Admiral's recording of the incident reported by Ms A, I've looked at Ms A's version of events, together with the notes recorded by Admiral. Ms A contacted Admiral a few days after the incident to tell them about it. After the first contact from Ms A, Admiral asked for further information, including the registration number of the third party vehicle. There's a reference to Ms A having dashcam footage of the alleged incident, which she will send. And Ms A didn't want to make a claim and have to pay the policy excess (as she told Admiral the third party vehicle had been in contact with her vehicle) and the damage to her vehicle was minimal. It's also clear there was an altercation with the third party (neighbour). Admiral's notes record further details and their decision to close the incident as 'notification only', which the notes state Ms A understood.

Given the respective versions of events, I think Admiral's decision was fair and reasonable. Ms A made it clear she didn't want to make a claim in respect of her vehicle. And while this didn't preclude the possibility of the third party subsequently making a claim – however unlikely that may have been – had that happened then Admiral could have re-opened their file and consider any such claim.

At this point, I've also noted the terms of Ms A's policy, set out in the Policy Booklet, require policyholders to notify Admiral of all incidents. Under a section headed *What to do in the event of an incident* it includes the following: statement

"...Even if you do not intend on making a claim, please notify us within 48 hours..."

More specifically, under the *General conditions* section, there is the following:

"2. Notifying us on an incident

If you or your vehicle are involved in any type of incident, regardless of fault, you must:

- *Tell us about it within 48 hours...*
- *Give us all the information and documentation that we consider necessary to deal with your claim and policy..."*

While I appreciate Ms A didn't want to make a claim, she was required to notify the incident under the above terms. And as I've concluded, it was fair and reasonable for Admiral to record the incident as 'notification only'.

Ms A also says it was unethical for Admiral to record the incident, without her consent. I don't agree. As she was required to notify Admiral of the incident (and provide other information and documentation they considered necessary) it would be for Admiral to determine how they would record the incident – they wouldn't need Ms A's consent. The implication of Ms A's point is that insurers could only record information with the policyholder's agreement, which isn't reasonable.

The policy terms also include reference to Admiral's privacy statement¹, which sets out how Admiral collect, use and protect personal data. This includes using data to administer the policy and handle claims. It also includes 'refining pricing models and using collected data to accurately price individuals across all our insurance and finance products'.

Having reached this conclusion, I've then considered the second main issue, the calculation of Ms A's renewal premium, including the incident.

In doing so, I would note that a customer may expect a simple explanation for a price increase like Ms A 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 Ms A's complaint, the principal issue is the significant increase in the premium. This is in the context of the notification-only incident during the preceding policy year. Ms A questions why the premium increased so significantly at the policy renewal.

Admiral point to a range of factors behind the increase and say they have been applied correctly in Ms A's circumstances. In providing their underwriting and pricing information,

¹ <https://www.admiral.com/your-privacy-and-security>

Admiral note the incident recorded, with her No Claims Discount (NCD) allowed, and no claims or costs associated with the incident. It's also important to note that the terms 'incident', 'accident' and 'claim' can be used interchangeably, but the underlying circumstances of the incident would be the same.

The information sets out a range of factors that drove the increase, compared to the premium from the previous year. The non-fault (notification only) incident (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 Ms A's NCD).

The factors affecting the premiums included the following:

- 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 was a further year's NCD).
- Adjustment to discount for having no claims.

There were also other changes to individual rating factors.

At this point, I'd want to address Ms A's point about sharing information provided by Admiral about their pricing approach and its application in Ms A'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 Ms A's premium increases were calculated. I can't share that with Ms A, but I've reviewed it carefully. I'm satisfied the renewal price quoted was calculated correctly and Admiral's customers in Ms A's position will have been charged similar premiums.

I've then looked at other evidence and information.

I can see Admiral said in their renewal invitation that Ms A should check the renewal and level of cover still suited her needs and that she may wish to shop around to compare Admiral's cover and price against other providers. And that having been with Admiral for a number of years, she may be able to get the insurance cover she wants at a better price if she 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.

I've also noted what Ms A has said about finding a cheaper premium (and better cover) elsewhere with another insurer (so she cancelled her policy with Admiral). To my mind, this is what I'd expected a consumer to do if they weren't happy with their renewal premium from their insurer (and consistent with the message in the renewal notice about the benefits of shopping around, to get the cover she wanted at a better price). But it doesn't mean Admiral acted unfairly and unreasonably in their renewal premium quote, which Ms A was under no obligation to accept.

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

While reaching these conclusions, I've also considered the points raised by Ms A about Consumer Duty, including what she says about Admiral not meeting the requirements. Specifically, this includes the principles of Price and Fair Value, Consumer Support and Consumer Understanding as well as the three cross-cutting rules (Acting in Good Faith; Avoiding Foreseeable Harm; and Enabling the Customer to Achieve Their Financial Objectives).

Taking these in turn, starting with Price and Fair value, Ms A says the increase in her renewal premium is disproportionate and unfair and why the non-fault incident (with no claim) had such an impact. However, as I've set out and concluded about, I don't think Admiral have acted unfairly in calculating the renewal premium, based on the rating and risk factors they use in their pricing model. And they haven't treated Ms A differently compared to other consumers. Ultimately, it's for Admiral to determine what they consider to be an appropriate premium under a policy, reflecting their assessment of the risk presented by a consumer. While Ms A considers the premium disproportionate and unfair, she hasn't been obligated to accept it, finding cover at lower cost elsewhere. And this doesn't of itself mean that Admiral's renewal quote is unfair or unreasonable – other insurers will have their own approach to rating factors and risk when offering a policy at a specific price (premium).

On Consumer Understanding, Ms A says Admiral haven't provided transparent information on the calculation of her premium (and haven't responded to her Subject Access Request). From what I've seen (and what Ms A said when bringing her complaint to this Service) Admiral have pointed to the factors affecting her renewal premium (there's also a link in the renewal notice to where further information on the calculation of renewal premiums can be found). On the Subject Access Request, that wouldn't be an issue falling under the remit of our Service unless Ms A has been impacted – the Privacy Statement referred to above sets out a route for Ms A to complain to Admiral and, if she isn't content with Admiral's response, her right to raise concerns with the Information Commissioner's Office (ICO).

On Consumer support, Ms A refers to Admiral's initial refusal to log her complaint (and saying her complaint wouldn't be upheld). However, I've noted what Ms A has said about being contacted by Admiral and she was provided with a final response to her complaint well within the eight week period a business has to respond to consumer complaints. And as I've noted above, Ms A was told about the benefits of shopping around to find cover at lower price that met her needs – which is what she did.

Turning to the cross-cutting rules, on Acting in Good Faith, Ms A says Admiral didn't act in good faith by not informing her of the potential impact of the incident when she first contacted them. However, I don't think it unreasonable for a consumer to understand that making a claim – or notifying an incident even when they don't make a claim – is likely to affect their future premium. Insurers routinely ask consumers, when policies are taken out, to provide information about their accident, incident and claims history (even if a claim wasn't made) over previous years. So, it's reasonable to infer this information influences the cost of insurance.

On Avoiding Foreseeable Harm, Ms A says Admiral should have informed her of the significant premium increase long before the renewal date, not immediately before, considering the automatic renewal in place (as she could have been away at the time). I don't agree. Insurers update their rating factors and risk assessment on a continuous basis, and I don't think it practical or proportionate to provide a consumer with a premium figure months in advance, every time an incident, claim or other change occurs. On the point about automatic renewal, that's common practice in the insurance industry. And if Ms A wasn't happy with that approach, she could have opted out of the arrangement at any time and relied on the renewal notice process to determine whether or not to renew the policy. And I don't think Admiral gave notice of renewal significantly outside of industry norms.

On Enabling the Customer to Achieve their Financial Objectives, Ms A says that by doubling her premium over what she considers a trivial matter, Admiral attempted to prevent her from achieving her financial objectives. I don't agree. As I've said, it's an operational decision for Admiral about what rating factors they include in their pricing model, and the relative weighting applied to those factors. In this case, the incidence of claims (including non-fault or notification-only) is used by Admiral as their claim records indicate an increased likelihood of future claims. Ms A disputes this, but it's not for Admiral to prove it to her, as they will have access to a large base of claims data from which to make that judgement. In this respect, as I've said, Admiral's Privacy Statement refers to their using data in 'refining pricing models and using collected data to accurately price individuals across all our insurance and finance products'.

And as Ms A, being unhappy at the increase in Admiral's renewal premium, obtained alternative cover elsewhere at lower cost, then it's reasonable to conclude she achieved her financial objectives (to obtain cover that suited her needs at an acceptable price).

Taking all these conclusions together, then I've concluded Admiral haven't acted unfairly or unreasonably, so I won't be asking them to take any further action.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 4 June 2025.

Paul King
Ombudsman