

The complaint

Mr E has complained that Liverpool Victoria Insurance Company Limited (LV) charged him an additional premium after he had renewed his home insurance policy at the price it offered.

What happened

Mr E made a subsidence claim on his policy in September 2023. LV appointed a loss adjuster. They spoke with Mr E and told him they didn't think there was any subsidence damage to his property. And, it seems, they informed LV the claim was closed. Mr E queried the loss adjuster's decision and they agreed to carry out a virtual re-inspection on 10 January 2024.

Mr E's policy was due for renewal on 17 February 2024. He received a renewal quote from LV dated 18 January 2024 of £2,858.33. This listed the subsidence claim Mr E had made in September 2023. It also stated that the insured property had not suffered from or shown signs of subsidence. Mr E called LV to query whether this statement should be changed, bearing in mind he'd made a subsidence claim. And he told the adviser he spoke to that the loss adjuster handling his claim had emailed him a month earlier to organise a follow up inspection on his property, as he had told them he still thought there were signs of subsidence. On 13 February 2024 the loss adjuster emailed Mr E to tell him they wished to carry out a period of crack monitoring on his home. Mr E accepted LV's renewal quote the same day and paid the renewal premium in full.

LV then wrote to Mr E on 21 February 2024 to say the cost of his policy had increased by £980.83 because he'd recently told it about a new claim. Mr E telephoned LV to question this because, as he understood it, having already renewed his policy at a price of £2,858.33 he had a valid annual contract with LV at this price. LV told him it was entitled to increase the price of his policy mid-term. As Mr E was going on holiday and didn't want his policy to be cancelled, he paid the additional amount LV said was due. But he made a complaint.

On 29 April 2024 LV issued a final response rejecting Mr E's complaint. It apologised for suggesting he had made a new claim. And explained that it had correctly charged him the additional £980.83 as a result of the subsidence claim he'd made in September 2023 being re-opened. It paid Mr E £150 in compensation for the fact that it had incorrectly informed him the additional amount due was as a result of him making a new claim and for the delay in dealing with his complaint.

Mr E wasn't happy with LV's response and asked us to consider his complaint. One of our investigators did this. He said he didn't think it should be upheld. This was because he didn't think he could say LV had acted unreasonably when it recalculated the premium for Mr E's policy once it picked up on the fact his claim had been re-opened.

Mr E didn't agree with the investigator's view. So, the case was passed to me for a decision.

I issued a provisional decision on 4 March 2025 in which I set out what I'd provisionally decided and why as follows:

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 provisionally decided it should be upheld. This is because I agree with Mr E that when he agreed to renew his policy and LV accepted his payment of £2,858.33 to do this, both parties entered into a legally binding contract. And the terms of this contract do not give LV the right to change the price of it unless something changes after it has started. The claim Mr E had made in September 2023 had already been re-opened by the time Mr E agreed to renew his policy; and LV knew this. So, if LV didn't want to renew the policy at £2,858.33 because of this, it needed to tell Mr E this before it agreed to do so. It didn't and therefore I do not consider it was entitled to charge Mr E the additional £980.83 he paid.

It therefore follows that I have provisionally decided the fair and reasonable outcome to Mr E's complaint is for LV to reimburse the additional amount of £980.83 it charged him. It should also pay interest on this amount at 8% per annum simple from the date Mr E paid this to the date of payment. This is to compensate him for being without funds he should have had.

I gave both parties until 18 March 2025 to provide further comments and evidence in response to my provisional decision.

Mr E replied to say that LV had concluded that his home did not suffer from subsidence and had recently reimbursed the additional £90.83 it had charged him. However, he said he still thinks he is due interest on this sum.

LV has replied to say it was disappointed to read my provisional decision. It's pointed out it only advised its loss adjuster that further monitoring was needed on 12 February 2024. And Mr E renewed his policy the next day based on the renewal documents it had provided to him on 18 January 2024. At this point its system had not updated to reflect the fact Mr E's claim had been re-opened. This meant when Mr E renewed it wasn't based on the correct risk, as it had changed since the initial renewal documents had been provided. So, it doesn't think it did anything wrong by charging Mr E the additional premium.

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, it remains my view that it should be upheld for the reasons set out in my provisional decision. However, as LV has now refunded the additional premium, all it will need to do to put things right is pay interest on this amount.

I have noted LV's further comments. However, what it has said doesn't alter the fact that at the point Mr E offered to renew his policy at a premium of £2,858.33 LV as a company was aware his claim had been re-opened and had the opportunity to decline his offer and provide him with a revised renewal quote. I appreciate its system hadn't updated to show the claim had been re-opened, but this does not in my opinion alter the contractual position. As I explained in my provisional decision LV entered into a legally binding annual contract with Mr L at a price of £2,858.33. And it should not have charged him an additional amount when nothing had actually changed from its side at the point it charged the additional premium. The fact LV's internal system did not update quickly enough does not alter the legal position.

Putting things right

As LV has refunded the additional £980.83 it charged Mr E, it now only needs to pay interest on this amount at our normal rate of 8% per annum simple from the date Mr E paid this amount to the date it was reimbursed to him. This is to compensate him for being without this money as a result of what LV did wrong.

My final decision

For the reasons set out above, I've decided to uphold Mr E's complaint about Liverpool Victoria Insurance Company Limited and require it to do what I've set out above in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 14 April 2025.

Robert Short
Ombudsman