

The complaint

Mr P complains that Advantage Insurance Company Limited unfairly increased his motor insurance policy premium at renewal.

Advantage is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agents. As Advantage has accepted it is accountable for the actions of the agents, in my decision, any reference to Advantage includes the actions of the agents.

What happened

In mid-2024, Mr P raised a complaint with Advantage because he felt the increase in his motor insurance premium at renewal was too high.

Advantage apologised for some customer service issues while it was dealing with his complaint and paid him £57.93 as an apology.

Advantage listed several reasons why its motor insurance prices had increased from the year before. It said Mr P's policy had increased by 17% from the year before which was below the average price increase for motor insurance policies.

Mr P remained unhappy and referred his complaint to the Financial Ombudsman Service.

Our investigator thought Mr P's complaint should be upheld. He thought Advantage should have provided us with some further information to show that Mr P's premium had been calculated fairly. He recommended Advantage pay Mr P £100 to compensate him for distress.

Advantage disagreed with our investigator's outcome. It said it would not normally expect to be asked for pricing evidence for any price increase within 25% of the original price as this was below the average price increase confirmed by the Association of British Insurers (ABI). It believed it had addressed Mr P's concerns as it had explained why there was a price increase in detailed bullet points in its response to his complaint.

Advantage also commented that the renewal premium was quoted well in advance of Mr P's renewal date, allowing him the opportunity to shop around to see if he could find a better price.

I issued a provisional decision on 14 March 2025, where I explained why I didn't intend to uphold Mr P's complaint. In that decision I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Based on what I've seen so far, I don't intend to uphold Mr P's complaint. I'll explain why.

In its response to Mr P's complaint, Advantage gave several reasons for the increase in the price of his policy. The factors it listed included there being more vehicles on the road leading to more accidents; an increase in vehicles being stolen and increases in the costs of

parts, energy and labour. It said the increase of 17% for Mr P's policy was below the average price increase for motor insurance policies.

Advantage says it isn't able to give us further information to show what specific factors have caused Mr P's policy premium to increase. This is due to its complex rating system whereby risk factors are interlinked across numerous rating tables, which are then also rated against each claim peril. All of its rates are built into the system which automatically generates the premium.

Mr P has made a number of comments about why he disagrees with the amount of the increase. I acknowledge Mr P wants more detail around the specific factors which have led to the price increase. It's been widely publicised that the price of insurance has increased due to claims inflation and insurers facing rising costs in settling claims – and in the case of motor insurance this includes the cost of used cars going up as well as parts and materials.

I appreciate it was upsetting for Mr P to find that his premium had increased by so much from one year to the next. But the setting of premiums is a commercial decision. The Financial Ombudsman Service won't usually make any judgements about the way an insurer chooses to assess risk, the risk assessments it makes – or the premium it charges to cover a certain risk. I could only uphold Mr P's complaint if I was persuaded that Advantage had made a mistake or was treating Mr P unfairly or differently to any other customer in the same circumstances.

Advantage has referred to average price increases, so I've also taken into account data from the ABI, as well as the Office for National Statistics – and this shows prices have been increasing. Looking at the market trends showing how prices have increased, I can't reasonably say the price Mr P received is inconsistent with what we've seen across the market. And the 17% increase in Mr P's premium from 2023 to 2024 was below the average increase in motor insurance premiums for that period. So, I'm not persuaded that Advantage made an error or treated Mr P unfairly when it increased the premium in 2024.

I can see that Advantage sent Mr P renewal documents four weeks before the policy was due to renew. The renewal letter set out the new premium alongside the price Mr P had paid the year before. So, I'm also satisfied Mr P was given sufficient time to shop around to see if he could find a better price elsewhere.

Mr P has also raised some concerns about the customer service he received from Advantage after he raised his complaint. Advantage has commented that complaint handling is outside of our service's jurisdiction.

While we're unable to consider complaints which are solely about complaint handling, we can consider matters that are ancillary to a regulated activity. In this case, Mr P was frustrated that the complaint handler wasn't available to speak to him and hadn't returned his calls. Those phone calls were to address his concerns about the price increase in his policy. The setting of the price of the policy falls under the regulated activity of 'effecting a contract of insurance'. The customer service concerns Mr P raised were an extension of this regulated activity. So, I'm satisfied I can consider these concerns as part of my decision.

Advantage has accepted that errors were made here. It says the handler was entering wrong numbers when attempting to call Mr P. It paid him £57.93 as an apology for this. I think this reasonably recognises the frustration Mr P was caused by Advantage's poor communication. So, I don't intend to award any further compensation for this.

I appreciate my answer will be disappointing for Mr P. But I'm not persuaded that Advantage has done anything wrong with respect to the pricing of his policy. So, I don't think it would be fair to tell it to pay him the £100 our investigator recommended."

I gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

Responses

Mr P commented that he felt the Financial Ombudsman Service wasn't impartial and was allowing insurance companies to profiteer.

Advantage said it agreed with the decision being made.

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 would like to reassure Mr P that the Financial Ombudsman Service is impartial, and I have remained impartial when considering his complaint. I've thought about the factors Advantage took into account when pricing the policy. And I don't think it's unreasonable for Advantage to have considered those factors in the round. I appreciate Mr P is disappointed with the outcome I reached in my provisional decision, but I'm satisfied this was fair.

My final decision

For the reasons I've explained, I don't uphold Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 22 April 2025.

Anne Muscroft
Ombudsman