

The complaint

Mr A complains that Saga Insurance Services unfairly and unjustly increased his motor insurance renewal premium, increasing his policy excess in the process.

What happened

Mr A held a three year fixed price policy. In December 2024 Saga sent Mr A information about his policy which was due to renew in January 2025. That said his renewal premium had increased to £1,039 from £461 a year previously.

Mr A rang Saga twice to see if it could do anything to reduce the premium. During the second call Saga told Mr A it could reduce his premium by changing the voluntary excess to a higher figure. It also said that changing his policy from a 'Saga Plus' one to 'Saga Select' would reduce the cost. It said those changes would result in a premium of around £754, but would also reduce Mr A's level of cover. Mr A said he would prefer to remain with Saga Plus. Saga told him it could offer him a policy for £877.20. He accepted that premium.

Mr A then complained to Saga about the price of the renewal. He also complained that his total premium excess had increased to £900. Saga didn't think it had done anything wrong.

Mr A brought his complaint to the Financial Ombudsman Service. One of our Investigators looked into it. He didn't think Saga needed to take any further action. Mr A didn't agree with our Investigator's assessment of the complaint so the matter's been passed to me to decide.

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.

In bringing this complaint and in responding to our Investigator's assessment of it Mr A's made a number of points. I've considered carefully everything he's said but in this decision I don't intend to address each and every point raised, instead I will focus on what I see as being the issues at the heart of Mr A's complaint and the reasons for my decision.

I'll start by explaining, as Mr A is probably aware, that Saga is an insurance broker not an insurer. That means it arranges and administers policies but it doesn't actually provide the cover. That's done by one of the panel of insurer's Saaga uses for the policies it sells. And the insurers are separate businesses to Saga, although I understand Saga plays a significant part in the retail price of the policies it sells. It also responded on the insurer's behalf.

I've looked at Mr A's complaint very carefully and I can understand why he felt the need to complain. For the previous three years he paid a fixed price, to prevent an increase in his insurance premium. Then, from 2025 his premium increased by around 125% from £461 to £1,039. So I can appreciate why he might have found such a sharp price rise difficult to bear. But that doesn't necessarily mean that Saga has treated him unfairly.

I understand that Mr A thinks that the scale of the increase in his premium is unjust, unethical and immoral, particularly given his clean driving record and the fact that he's been a loyal customer over a number of years. And, in fact, he thinks changes he'd made to his policy in the previous policy year should have reduced the risk he presented as a

policyholder. But I think it's important to be clear that we're not the industry regulator, the Financial Conduct Authority (FCA) is. So it's not my role to say how much an insurer should charge, what factors it should assess, or how to go about those assessments. That's the case no matter how extreme a premium price rise might seem. And we generally take the view that, providing they treat people fairly, insurers and brokers are entitled to charge what they feel they need to in order to cover a risk and to satisfy their wider commercial requirements.

Also, it's been widely publicised over the last couple of years that the price of insurance has increased due to many factors. That includes an increased number of claims, as there are more cars and drivers on the road. And claims in general are costing insurers more to settle. That's in part because the cost of cars, parts, material and labour have all increased significantly. So even though Mr A hasn't made a claim, that doesn't protect him from the rises in costs within the motor insurance industry.

Also like any business, Saga has to think about its costs and profit margins to remain sustainable. A customer may expect a simple explanation for a price increase. But for an insurer, there may be hundreds of variables it has to consider when setting a premium – including its own commercial requirements. And those considerations are commercially sensitive. That means that insurers and brokers will not, generally, share the factors they've considered with their customers. And as a result, it's common for insurers to provide somewhat generic explanations for premium increases. And while I can understand that may be a source of frustration for consumers, given the commercial sensitivity of that information, I don't find it unfair.

Also, when Saga's quoted Mr A a renewal premium, that covered not only the cost of the risk the insurer assessed that he presented but also included Saga's profit element too. Companies like Saga are in business to provide a service but also to make money. And there's nothing wrong with that. If they're not profitable they're unlikely to exist for too long. It follows that when offering premiums to their customers businesses like Saga need to balance the need to cover the risk with their desire to retain a customer's business while still earning a profit. And that's generally a matter of commercial judgement. And as long as their treating their customers fairly, that is they're not singling individuals out, that's not something that we think it's fair to interfere with.

Having considered the information Saga has given to us I don't think it has in anyway singled Mr A out. So while I can understand his sense of outrage at the scale of his premium increase I don't think it has dealt with him unfairly or outside of the rules in which Saga is required to operate.

Further, as Mr A knows, he was under no obligation to renew his policy with Saga. So, if he didn't accept the premium he could have moved his business elsewhere. And I can see that Saga's letter inviting renewal told Mr A that he could get a cheaper premium by shopping around. It follows that, despite Mr A's unhappiness with the steep rise in his premium, I don't think Saga's dealt with him unfairly or unreasonably.

I'll add that there's been some dispute over the level of Mr A's excess. When it invited renewal in December 2024, the letter explained that the insurer had increased the compulsory excess to £450. At that time, Mr A's voluntary excess was £200, making a total excess of £650.

When Mr A spoke with Saga it said that increasing his voluntary excess could result in a cheaper premium. It asked if he wanted to consider this and asked him how much he would like his excess to be. At an early stage of that conversation Mr A said that he thought a total excess of £450 was the maximum he could tolerate. But, the conversation moved on. Saga told him that increasing his voluntary excess to £450 would reduce his premium, at Saga Plus levels of cover, to £877. And Saga's call handler was clear that this was £450 compulsory excess and £450 voluntary excess making a total excess of £900. Mr A said

'yes'. Mr A then went on to accept the premium of £877, which was only offered after the total premium of £900 had been added to the policy.

I understand that Mr A has a transcript of the call and he doesn't believe the conversation developed in that manner. However, having listened to it more than once, I've heard that Saga did tell Mr A that the total excess was £900 and Mr A accepted the premium on that basis. And in those circumstances I don't think Saga did anything wrong by proceeding on the understanding that Mr A had accepted the total excess of £900.

My final decision

For the reasons set out above I don't uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 11 September 2025.

Joe Scott
Ombudsman