

The complaint

Mr E complains that U K Insurance Limited (“UKI”) unfairly increased his home buildings insurance premium at renewal without providing an explanation.

What happened

Mr E says his premium increased by around 40% at renewal in October 2024. He says that despite asking for an explanation, none has been given.

In its final complaint response UKI says it can’t always be specific as to why a premium has increased. It says this is because its rating and pricing structures are commercially sensitive. UKI says its risk assessment takes into consideration many factors, which it uses to calculate premiums. However, the business sent Mr E a cheque for £50 in settlement of his complaint. This was to acknowledge a poorly handled call.

Mr E didn’t think UKI had treated him fairly and referred the matter to our service. Our investigator didn’t uphold his complaint. She says UKI has provided our service with evidence that showed it had treated Mr E fairly in how his renewal premium was calculated.

Mr E didn’t accept our investigator’s findings. As an agreement wasn’t reached the complaint has 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.

Having done so my intention is to not uphold Mr E’s complaint. I’m sorry to disappoint him but I’ll explain why I think my decision is fair.

It’s not our role to tell an insurer how to price its policies or what factors it should consider when calculating risk. An insurers approach to risk is for it to decide. That said we need to make sure that an insurer is applying a fair and consistent approach to all its customers. I’ve focused on that here.

We asked UKI if it could provide information to show that it had treated Mr E fairly. By this we were looking for it to show that it treated Mr E no differently from any other customer in these same circumstances.

UKI responded with information from its underwriters. This is considered commercially sensitive so I can’t share it in full. But the underwriter explains that its assessment of the risk a policyholder presents can change. In Mr E’s case it explains that its assessment of his risk at renewal accounts for the majority of the premium increase. It says the price increase is reflective of changes in claim costs.

I’ve carefully considered the information and comments UKI provided. It explains that it uses complex algorithms to calculate its premiums. This means that it can’t provide a simple

explanation of the calculations that resulted in Mr E's renewal premium. The use of complex algorithms is standard practice in the industry. So, I don't think what it says is unreasonable.

What I know from the information provided is that Mr E's renewal was automatically generated. There was no manual input. This means the calculations followed UKI's established underwriting criteria. This shows Mr E was treated the same as any other customer would be in these same circumstances.

Mr E's premium increased by around 40% at renewal. This is in line with the average industry increases. So, the increase in Mr E's renewal premium falls in-line with the general increases across the insurance market. It's been widely reported that insurance premiums have increased over the last two years.

Based on what I've read I haven't seen anything that shows UKI acted unfairly when calculating Mr E's renewal.

I understand that Mr E wants UKI to provide a more detailed explanation of how it calculated his premium. But it's not required to do this. This information is commercially sensitive. If it did share this information it could then be exposed to quote manipulation. So, I can't say UKI acted unfairly in providing the explanation it did.

In summary I haven't seen anything that shows UKI treated Mr E unfairly when it calculated his renewal premium. In the circumstances I think the responses it provided are reasonable. So, although I understand Mr E will be disappointed, I can't fairly ask UKI to do anymore.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 29 May 2025.

Mike Waldron
Ombudsman