

## **The complaint**

Mr P has complained about the price difference in two home insurance products offered by Aviva Insurance Limited.

## **What happened**

Mr P looked for a quote to cover his home with Aviva. He was provided with two quotes for different policies. One had extended business use and the other didn't. The product which included extended business use was much higher than the one without.

Members of Mr P's family teach music at their home. Due to the underwriting differences in the products, Aviva said it wouldn't provide cover under the cheaper product for Mr P's circumstances. Mr P wanted to buy the cheaper policy and for Aviva to exclude cover for any claim related to the additional risk related to his family teaching from home. Aviva didn't agree to do this.

Mr P complained to Aviva. He said it wasn't treating customers fairly.

Aviva didn't uphold Mr P's complaint. It said the cheaper product provides business use restricted to clerical business use. As Mr P's circumstances didn't meet its underwriting criteria for this product, it was not available to him.

Mr P asked us to look at his complaint. He said he asked Aviva if he could endorse the cheaper product to exclude incidents related to tuition. He says Aviva hasn't treated him fairly as it said it could do this, but the premium wouldn't change. So he says Aviva would have effectively charged him double the premium for no extra benefit.

One of our Investigators explained that we don't tell an insurer what to charge for its products. And that insurers have their own underwriting criteria which is commercially sensitive. But we can ask to look at their underwriting criteria to see if it has treated a customer fairly. As Mr P's circumstances didn't meet the criteria for the cheaper product - and Aviva's criteria showed it had treated him as it would any other customer in the same circumstances - she didn't recommend the complaint should be upheld.

Mr P didn't agree. He says if Aviva accepted in principle that Mr P could exclude claims related to the additional risk, but didn't agree to reduce the premium, it did not follow consumer duty rules in providing fair value in the pricing of its products.

So Mr P wants an ombudsman 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.

It isn't for this service to tell a business what they should charge or to determine a price for

the insurance they offer. This is a commercial judgement and for them to decide. But we can look at whether a consumer has been treated fairly. So we can look at whether there is anything to show a consumer has been treated differently or less favourably.

If we find a consumer has been treated differently, we can look at ways to put things right.

Aviva explained that a product Mr P found online would not provide cover for the risk attached to his property because family members teach music in the home. Aviva said an alternative product was available, with extended business use.

Aviva told us Mr P doesn't hold a home insurance policy with it.

Aviva doesn't have to agree to provide cover on individual terms as Mr P would like. Aviva needs to make a consumer aware of the features of the cover. If the level of cover isn't suitable, or an insurer determines a consumer isn't eligible, a consumer has the option to look for an alternative product elsewhere in the market.

Insurers apply different risk models to products, depending on their appetite for that risk. This is why we see a wide range of prices offered from different insurers - using the same details - on comparison websites.

The industry rules say firms must provide products and services that offer fair value. As I've explained, our role isn't to tell firms how much they should charge for their products. But they should be able to demonstrate that the cost is reflected in the value and potential benefit of the product.

In this case, I think the policy provided fair value because I have reviewed the underwriting information provided by Aviva. And having done so, I'm satisfied it has treated Mr P fairly and as it would any other consumer in the same circumstances. As the Investigator explained, I cannot share this information with Mr P as it is commercially sensitive. But I haven't seen any rating factors which are unusual, uncommon or unfair.

I understand Mr P may be disappointed with my decision. But I hope I have reassured him that from the information provided to this service, I find Aviva hasn't acted unreasonably. And this means I'm not upholding his complaint.

### **My final decision**

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 2 July 2025.

Geraldine Newbold  
**Ombudsman**