

The complaint

Mr C complains about being charged an increased motor insurance premium by Aviva Insurance Limited ('Aviva') after he made a mid-term adjustment (change of car) to his policy.

What happened

The background to this complaint is well known to Mr C and Aviva. I won't repeat in detail what's already known to both parties, instead, in my decision I'll focus mainly on giving the reasons for reaching the outcome that I have.

Mr C had a motor insurance policy with Aviva. On 25 February 2025, with around five weeks left on the policy term, Mr C contacted Aviva to change the car that was insured. Aviva let Mr C know that there was an additional premium of £7.39 due because of the car change.

Unhappy with the additional premium, Mr C made a complaint. Aviva didn't uphold the complaint and as Mr C remained unhappy, he referred it to our Service for an independent review. Our Investigator considered the complaint but didn't recommend that it be upheld. As the dispute remains unresolved, it's been referred to me for a final decision.

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.

Our Service is an alternative, informal dispute resolution service. Although I may not address every point raised as part of this complaint - I have considered them. This isn't intended as a discourtesy to either party – it simply reflects the informal nature of our Service.

The scope of my decision

I appreciate at the heart of Mr C's complaint is the extra premium he was charged. But I need to be clear that our Service are not the insurance industry regulator. That is the role of the Financial Conduct Authority. I will be considering if Aviva have treated Mr C fairly and comparably to how any other customer in a similar position would've been treated when making a mid-term adjustment to the policy.

Our Service can't tell an insurer what risks they should underwrite, how they evaluate those risks, for whom they should offer insurance or how much they can charge a particular customer. Instead, our Service looks at whether we think an insurer have broadly acted fairly and reasonably in the way they've set the customer's premium, and whether they've communicated the price to them in a way that is clear, fair and not misleading.

More details on the approach I'll be following can be found here: <https://www.financial-ombudsman.org.uk/consumers/complaints-can-help/insurance/insurance-pricing-and-renewals>

My key findings

Mr C had previously paid a premium of £1,551.48 for the full policy year, for a car with a much higher value. The annual premium following the mid-term adjustment was £1,624.41. Because of the closeness to the end of the original policy term, Mr C was charged an extra £7.39. At renewal, Mr C was offered a quote of £651.19.

Whilst I can understand Mr C's surprise at the higher overall premium, this was a fundamental change in risk (change of vehicle) and Aviva have fairly explained in their final response letter an overview of the factors that affect the setting of their insurance premiums:

"There are many factors that Aviva rate on in the background of a policy that generates a premium for a customer. Insurance premiums can fluctuate up or down at new business or renewal through time... The price is not only affected by yourself as an individual, but also by many factors that are out of your control.

From a customer point of view, you may feel the risk has not changed if your details are the same; address, claims history or cover etc. However, the risk data we hold, that is out of our customer's control, can change on a regular basis which can alter the premium. At Aviva, we use a rating mechanism which is frequently updated with claims information, statistical data, and third-party sources.

Therefore, our assessment of the risk we are insuring depends partially upon the information we hold at the time."

The above explanation/approach isn't unusual and is broadly in keeping with how the wider industry will set premiums.

Aviva have shown us the relevant commercially sensitive underwriting information that sits behind the increased mid-term adjustment premium. They've also provided an explanation of the methodology they use at the point of mid-term adjustment. In summary (and without disclosing commercially sensitive information), the mid-term adjustment additional price charged was not intrinsically linked to *only* the value of the car. I make this point as Mr C has placed heavy emphasis on the difference in value between both cars. Aviva have said they didn't perform a full recalculation of the risk at mid-term point, only the risk factor that changed (the car) and I consider that fair - as it means the cost increase is only specific to the fundamental risk factor that changed.

I'm satisfied that Mr C has been treated fairly by Aviva and in line with any other customer in similar circumstances making a mid-term adjustment to their policy. As above, our Service can't tell an insurer what premiums to charge or how they view risk, but I'm pleased to see that Mr C was offered a lower quote at renewal. Mr C has said he generated an alternative quote with Aviva for £690. Mr C had the option of taking out that policy on the new car and cancelling his previous policy. However under the policy terms he'd have incurred a cancellation fee of £50. The renewal price Mr C received from Aviva was less than £690, which again demonstrates that a whole range of factors at any point in time influences the premiums an insurer charges.

Summary

Aviva have sufficiently demonstrated to our Service that they've treated Mr C fairly and consistently when calculating his mid-term premium adjustment.

My decision will likely disappoint Mr C, but it ends our Service's involvement in trying to informally resolve his dispute with Aviva.

My final decision

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 C to accept or reject my decision before 17 October 2025.

Daniel O'Shea
Ombudsman