

The complaint

Mr B complains about the price quoted by Lloyds Bank General Insurance Limited (“Lloyds”) to renew his buildings insurance policy.

What happened

Mr B received a quote to renew his policy which he says was significantly higher than what he’d paid the previous year. Mr B complained and said he’d never made a claim and wanted an explanation for the price increase.

Lloyds responded and explained the price was calculated based on a combination of Mr B’s individual circumstances and Lloyds’s pricing model. They explained insurance is all about risk and many factors are taken into account when assessing risk, but many factors outside of a policyholder’s control, can affect risk too. Lloyds explained, when these factors change, so can the price, and that had been the case with Mr B’s quote. Lloyds acknowledged Mr B wanted a more specific explanation regarding the calculation of the premium, but they explained this information was commercially sensitive.

Our investigator looked into things for Mr B. He thought Lloyds hadn’t treated Mr B unfairly in relation to the pricing. Mr B disagreed so the matter has come to me for a 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.

Having done so, I’ve decided not to uphold the complaint. I understand Mr B will be disappointed by this but I’ll explain why I have made this decision.

The role of this service when looking at complaints about insurance pricing isn’t 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 to see whether we agree a consumer has been treated fairly – so is there anything which demonstrates they’ve been treated differently or less favourably. If we think someone has been treated unfairly, we can set out what we think is right to address this unfairness.

I think it’s important to make clear I’m looking at Lloyds’s actions as the insurer here. It’s for an insurer to consider the risks associated with providing cover and to price a policy. A broker’s role involves approaching their panel of insurers to get quotes based on a customer’s requirements for insurance cover. I can see Mr B has concerns regarding the broker’s role in his complaint about the price quoted but I haven’t looked at the broker’s actions as part of this complaint.

I can see Mr B had a price fixed for three years and paid a premium of £232.86 for his 2024-2025 policy. The three-year term came to an end, and Mr B was then quoted £2,981.90 to renew his policy. This represents a significant increase to what Mr B had paid the previous year, so I understand why Mr B is concerned about the price increase. Lloyds have provided

me with confidential business sensitive information to explain how Mr B's price was calculated. I'm afraid I can't share this with him because it's commercially sensitive, but I've checked it carefully. And I'm satisfied the price he was quoted has been calculated correctly and fairly and I've seen no evidence that other Lloyds customers in Mr B's position will have been charged a lower premium.

As mentioned above, I can't provide specific detail about Lloyds's risk model, but I've seen the specific rating factors used by Lloyds and they relate to the presentation of risk. I can't say there are any rating factors applied here which are unusual or uncommon for insurers to use when assessing risk for a buildings insurance policy. In addition to this, it's been widely publicised over the last couple of years that the price of insurance has increased due to claims inflation and insurers facing rising costs in settling claims – and this includes the cost of building parts and materials.

I think it's also important to mention here the price of £232.86 was offered by a separate insurer and formed part of the three-year fixed price offer made by the broker. The renewal quote here though was offered by Lloyds. This forms part of Lloyds's pricing model so it applies to all policies. I think that's important here as it demonstrates the pricing model used to calculate Mr B's premium was no different to what was used for any other customer in the same circumstances.

I do acknowledge Mr B's concern about the price difference between the two years, and I do also acknowledge his point that he hadn't made a claim. But it's for a business to decide what risks they're prepared to cover and how much weight to attach to those risks - different insurers will apply different factors. That's not to say an insurer offering a higher premium has made an error compared to an insurer offering a cheaper premium – but rather, it reflects the different approach they've decided to take to risk. This similarly applies to rating factors and loadings. It's for an insurer to decide what rating factors and loadings to apply to a policy. In addition to this, I've seen the renewal invite sent to Mr B and I can see Lloyds did remind Mr B that he could shop around to see if he could get a better price.

I do appreciate Mr B wanted Lloyds to provide more detail around what specific factors led to the premium increase. Pricing is an area where the information which sits behind an insurer's explanation will often be commercially sensitive. So, I don't think Lloyds have acted unreasonably in not providing Mr B with details of the specific ratings and loadings used to calculate the price.

Mr B has provided information which shows he obtained an online quote from the broker, for the same cover, at a price of £884.22. The information doesn't show who the insurer is for this policy, so I can't compare it as a like for like policy with the one offered by Lloyds. That said, I have in any event, considered the Financial Conduct Authority ("FCA") fair pricing rules. The rules for general insurance pricing were introduced by the FCA in January 2022. They apply to motor and buildings insurance only and insurers need to make sure they comply with these rules when offering renewals. The rules aren't retrospective and only apply to renewals generated from 1 January 2022.

The rules were put in place to remove the risk of existing customers paying more than new customers. It places an obligation on insurers to make sure they charge renewing customers the same as new customers. The FCA refers to this as the equivalent new business price ("ENBP"). The ENBP needs to be reflective of the new business price the day the renewal invite is generated. It is accepted the view of risk can change and the rules don't mean all insurers need to charge the same price and the FCA accepts that policies bought through different brands will likely offer similar cover at different prices. It also understands that different sales channels for the same brand might result in different prices and it accepts this

is fair. The new pricing rules were in place when Mr B was offered his renewal by Lloyds, so they did need to follow these at the time. And, having carefully reviewed the information provided by Lloyds, I'm satisfied they haven't made a mistake or failed to offer Mr B an ENBP.

I say this because the information provided in Mr B's online quote doesn't demonstrate whether the two policies were like for like in all aspects including cover limits, excess and optional extras. And, the new business quote obtained by Mr B was generated through a different sales channel. So, I haven't seen any evidence that Lloyds acted in a manner which wasn't consistent with the fair pricing rules.

I understand why Mr B has complained, and I hope he feels reassured that I've checked the pricing information from Lloyds. But I can't say they've made a mistake or treated Mr B unfairly. I wish to reassure Mr B I've read and considered everything he has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

My final decision

For the reasons I have given, it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 28 October 2025.

Paviter Dhaddy
Ombudsman