

The complaint

Mr and Mrs B were unhappy with the increase applied by INTACT INSURANCE UK LIMITED ("IMPACT") to their annual premium for their home insurance policy.

What happened

Mr and Mrs B were unhappy when they received the renewal invite from INTACT for their home insurance policy. Mr and Mrs B have had a long period where they haven't made any claims, which has allowed them to build up a significant no claims bonus. However, they were disappointed when their premiums had increased by around £270 or circa 54%.

Mr and Mrs B believe the increase relates to a subsidence issue in 2018, and they've felt compelled to stay with IMPACT due to this issue.

IMPACT said the premium quoted to Mr and Mrs B was correct and in line with the market trends of increased premiums.

Mr and Mrs B would like INTACT to reduce the premium its quoted.

Our investigator decided not to uphold the complaint. He said it is in INTACT's remit to set its commercial pricing strategy; however, he did check the pricing information that was shared and confirmed Mr and Mrs B were treated the same by INTACT as they would've treated anyone else with the same circumstances. Mr and Mrs B disagreed, so the case has been referred to an ombudsman.

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.

I can see Mr and Mrs B have a strong view on this issue. They've said "the premium has been increasing tremendously each year since the subsidence claim in 2018. It's fine for [INTACT] to put up our premium to what they wish knowing full well other insurers will not accept us because of the subsidence claim. They jolly well know the situation, so they can do what they want with us not able to move. What is the point of them putting in their renewal notice that we can look elsewhere when they know jolly well we will have problems doing so".

I've looked at what INTACT said in defence of the renewal price it issued to Mr and Mrs B. It said:

"Although your renewal price is higher than you were hoping for, I can confirm the price we've offered of £772.30 is correct.

I understand that this news is disappointing, however, each year at renewal time, we take a view of the risk we are providing insurance against based on the latest information available to us at the time. There are many factors we take into account such as the latest view of inflation and changes in external risk information covering risk indicators for different claim

types such as flood, storm and theft. In addition to this we will take into consideration other factors for example the post code, the type of property you live in, the number of bedrooms and claims history. Whilst I can see that you have brilliant claims history, as a company we've seen an increase in claims costs, which is reflected in the premiums we charge. For policyholders who have made a claim, these will be individually reviewed as part of the renewal process.

The way in which this risk assessment is done is complex and commercially sensitive, therefore we are unable to share the specific details in your case. However, please be reassured the premium we calculated fairly represents the risks associated with your policy.

As your policy is an annual contract, we have the right to alter the price and cover to reflect the changing insurance markets at the start of a new period of insurance, however, prior to the renewal date we have invited you to renew your policy. To enable you to make an informed decision; we have provided you with renewal documentation detailing the covers that have been selected and the cost of the contract for the previous year and the forthcoming year”.

It's important that it's understood, the pricing model an insurer chooses to apply is 100% their responsibility and their decision. Different insurers will take a different commercial approach to pricing; some will take on more risk and others less. The policies that are offered will vary, as will the events that are covered and those things that are excluded. Pricing is essentially regulated by a competitive marketplace. If insurer's pricing isn't competitive, over the short to medium term it will start to lose business.

What our service believes, however, is that each customer with the same circumstances is treated in the same way – so customers aren't discriminated against.

The explanation provided by INTACT (above) explains to Mr and Mrs B why the prices have changed. What INTACT has said is common across the marketplace, there has been a general trend in recent years of increasing insurance premiums due to the increasing number of claims and the higher cost of repairs. I find the explanation provided reasonable.

INTACT has also provided more detailed pricing information to our service. I can't share this as it's commercially sensitive, but I've reviewed this thoroughly. The pricing INTACT have applied for Mr and Mrs B in 2025 is the same as a new customer would've been charged had they had the same circumstances as them. The price increase experienced by Mr and Mrs B this year (compared to 12 months ago) is consistent with the price increase all customers have experienced who have policies with INTACT.

Therefore, I haven't seen any evidence that suggests Mr and Mrs B have been treated unfairly. They've been treated in the same way as other customers, therefore, I don't uphold this complaint. There is no evidence of discrimination.

I appreciate Mr and Mrs B feel as though they can't move insurers. INTACT in its renewal documentation has encouraged Mr and Mrs B to shop around. I've reviewed Mr and Mrs B's statement of fact, which is a record of the information they have provided which INTACT has used to assess the risk of providing cover to Mr and Mrs B. Having read this document, I haven't seen anything that makes me think Mr and Mrs B couldn't find insurance elsewhere. There is nothing to prevent them from moving. Even if Mr and Mrs B had an open claim with INTACT, they could still move policies at the end of the current term.

So, in summary, I don't think INTACT has done anything wrong, therefore, I don't uphold this complaint. There is no evidence at all that Mr and Mrs B are in a captive market and that INTACT has behaved in a way to raise prices for Mr and Mrs B because of this. So, I don't

uphold this complaint. I think Mr and Mrs B would benefit from scouring the market to see what products and pricing other insurers can offer them.

My final decision

My final decision is that I don't uphold this complaint. I don't require INTACT INSURANCE UK LIMITED to do anymore.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr B to accept or reject my decision before 21 November 2025.

Pete Averill
Ombudsman