

The complaint

Mr E is unhappy that Aviva Insurance Limited (“Aviva”) didn’t explain why the renewal quote for his home emergency policy had increased significantly on the previous year’s premium.

When I refer to anything Aviva has said, it should be taken to include anything said on its behalf.

What happened

Firstly, I’ll give some context to events before the complaint. In 2002 Mr E bought a home emergency policy with a provider which I’ll call Company S. Mr E renewed the policy each year for over 20 years. In 2023 another provider, which I’ll call Company H, acquired Company S’s policies. Mr E’s first renewal with Company H was in October 2023, when it also reminded him about the acquisition. The home emergency policy, underwritten by Aviva, included an annual boiler service plan.

The background to the subsequent complaint is well-known to both parties, so I’ve summarised what I think are the key events.

In 2024, Mr E received his policy renewal quote and documents. The new premium was £540 and his 2023 policy premium had been £328. Unhappy with the £212 increase, Mr E asked Aviva to explain why it had gone up so much. Aviva said the first year had been an introductory discount, so the premium increased for the second year on cover. Aviva said this was explained in the policy documents.

Mr E complained to Aviva. He said he’d had cover with Company S for over 20 years, so his 2023 premium wasn’t an introductory discount. He also said there was nothing in the policy documents which stated that it was. Mr E asked Aviva to justify the price increase.

Aviva didn’t uphold Mr E’s complaint. In its final response it explained again about the introductory discount, and it said the premium was calculated based on a number of factors, such as claim history, where Mr E lived, type of property, and business costs, amongst others.

Unhappy with the response, Mr E brought his complaint to our service.

On receipt of Aviva’s evidence, our investigator noted that it had made a mistake when it said there’d been an introductory discount. However, she thought Aviva had given a reasonable explanation of how it calculated the premium without disclosing commercially sensitive information. Our investigator said Mr E’s premium had been calculated correctly and fairly, and in line with other customers in the same position. Although our investigator agreed there’d been poor service when Aviva gave Mr E incorrect information about the introductory discount, she didn’t think it had impacted the price of the policy. Nor did she think it warranted compensation. Therefore, our investigator didn’t uphold Mr E’s complaint.

Mr E didn’t agree. He said:

- Aviva hadn't apologised for misleading him about the reference to an introductory discount;
- he wasn't interested in the premium calculation, and he hadn't asked Aviva for that;
- he wanted Aviva to give a simple explanation and justification for the 64% increase on the previous year's premium, and
- Aviva hadn't treated him fairly.

I issued a provisional decision in July 2025 explaining that I was intending to uphold Mr E's complaint. Here's what I said:

provisional findings

The Financial Conduct Authority's ("FCA") principles say that firms must act in the best interests of their customers and treat them fairly. So that consumers can make informed decisions, businesses must give them the information they need, at the right time, and presented in a way they can understand.

The Insurance Conduct of Business Sourcebook ("ICOBS") says it's unlikely to be fair if consumers aren't given clear information to make decisions about price.

My role is to look at Aviva's response to Mr E's request for information about his policy premium and decide whether, on balance, it reasonably enabled him to make an informed decision. I've also considered whether Aviva treated Mr E fairly.

Mr E provided a list showing his policy premium for each year from 2002 to 2024. Excluding the 2024 renewal, all but five of the annual increases were less than £10. Indeed, Mr E calculated that the average annual increase was £9.70, so I can understand why he questioned the significant increase of £212 for the 2024/25 policy.

Looking at Aviva's final response to Mr E's complaint, I see it explained what factors it used to calculate the premium in general terms. However, I don't think Mr E asked Aviva to provide an explanation of how it calculated the premium – rather his question was about why there was a sudden increase.

Aviva told Mr E that the first premium was an introductory discount, and said it confirmed this in the policy cover letter. Mr E had the policy for over 20 years, and Aviva has since accepted that its explanation was incorrect.

When compared with Mr E's 2023 policy, there was no significant, if any, difference in the level of cover available to him, and both provided for an annual boiler service. However, I noted that the boiler service charge had increased from £58 to £120 which accounted for a little under a third of the premium increase. Given the similarity in cover, I asked Aviva to explain why the policy premium had increased significantly.

Aviva explained that when it took over the policies from Company S, it became apparent that the level of cover at the premium charged wasn't sustainable. So, in order to continue to offer cover, Aviva increased the premium to bring it in line with its existing customer policies. For example, Aviva explained that £120 is its standard price for an annual boiler service. In respect of the remaining premium, Aviva said its calculations were based on the same factors as those used for other, similar policies. Aviva accepts that the increase is more than Mr E had experienced in previous years, but it was a necessary increase to provide the same level of cover.

I've thought carefully about what Aviva said and, on balance, its explanation for

increasing the premium seems reasonable. I appreciate it is a significant increase on the previous year, but the annual increases appear small prior to this. I see Aviva maintained a similar premium when the policy first transferred to it, but I think it's reasonable that Aviva reconsidered the cost of cover at the 2024 renewal. To be clear, Mr E was under no obligation to continue with the policy, and he could've looked for cover elsewhere.

While I think Aviva was entitled to increase the premium, I don't think Aviva provided Mr E with support and understanding when he raised his concerns. He wanted to understand why his premium had increased, not how Aviva had calculated the increase. To begin with, Aviva said it was because the first year was an introductory offer and this had been explained to him when he took out the policy. Aviva confirmed in the evidence provided to us that its explanation was incorrect.

When I asked Aviva to explain the reason for the increase, it said it acquired the policies from another business and on doing so it, "reviewed the coverage and pricing to ensure we could viably provide [the] service. This review revealed that the level of cover offered under the [previous] policy was not appropriately reflected in the price of the product which has unfortunately led to an increase in Customer premiums".

Aviva also said the increase was being staggered over a number of renewals. When I asked for a further explanation of what this would mean for the premium, Aviva said it had given incorrect information, and the full increase had been applied to Mr E's policy. Therefore, any future premium changes would reflect the assessment of risk and cost to serve in line with all other customers' policies.

Overall, I haven't seen any evidence to indicate that Aviva has done anything wrong by increasing Mr E's policy premium, and I don't think he's suggested that it has.

Mr E's key issue of complaint was that Aviva didn't explain why the premium increased. The FCA expects businesses to give consumers the information they need, and in a way that helps them to make informed decisions. Mr E wanted information from Aviva about why his premium had increased. The evidence shows that it didn't provide accurate information or a reasonable response to his question that would've enabled him to understand the reason for the increase. In simple terms, Aviva didn't answer Mr E's questions fully or accurately, despite numerous opportunities to do so.

Of particular concern is that Aviva gave Mr E incorrect information about an introductory discount not just once, but again after it had investigated his complaint. This was despite him explaining that he'd had the policy for many years. I can understand why Mr E describes feeling that Aviva treated him unfairly.

Currently, I don't think Aviva has shown that it provided Mr E with support and help with understanding, and I'm minded to uphold this element of his complaint. While the explanation he should've received may not have impacted the premium, a swift response may have given him the time to look elsewhere for cover before the policy renewed. For this reason, and for the shortfalls in service I've described, I'm minded to require Aviva to pay Mr E £100 compensation for the inconvenience caused.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Responses

Mr E said:

“As I have nothing further to add, other than to request that Aviva should also apologise for their poor customer service, I accept the ombudsman’s provisional decision.”

Aviva said:

“[it was] happy to accept the provisional decision and pay Mr E the recommended £100 compensation.”

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.

As both parties have accepted my provisional decision, it now becomes my final decision.

I’ve noted Mr E’s request for Aviva to apologise. The compensation is by way of apology, so I won’t require Aviva to do anything more. But, as Aviva is aware of Mr E’s request, it may be something it chooses to do anyway.

My final decision

For the reasons I’ve explained above, and in my provisional decision, my final decision is that I uphold Mr E’s complaint and Aviva Insurance Limited must:

- pay £100 compensation to Mr E for its failure to provide him with accurate information in response to his questions about his renewal quote, and for the subsequent inconvenience caused.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr E to accept or reject my decision before 18 August 2025.

Debra Vaughan
Ombudsman