DRN-5712388

The complaint

Mr and Mrs D have complained about the amount British Gas Insurance Limited charged for their home emergency insurance policy.

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 investigator thought British Gas had acted fairly. I agree, and for the same reasons, so I don't think there's a benefit for me to go over everything again in detail. Instead, I'll summarise the main points:

- Mr and Mrs D have held a British Gas home emergency insurance policy for many years.

- At the 2023 renewal, British Gas said the policy would cost around £590 – which was a significant increase from around £420 the year before. After Mr and Mrs D got in touch with British Gas about it, the cost was reduced back to around £420. So, in the end, there was no increase at all at the 2023 renewal. Mr and Mrs D accepted this.

- At the 2024 renewal, British Gas said the policy would cost around £610 – which was again a significant increase from around £420 the year before. After Mr and Mrs D got in touch with British Gas about it, the cost was reduced to £590. That still meant an increase from the previous year of nearly 40%. Mr and Mrs D didn't accept this, and the policy expired at the 2024 renewal.

- British Gas said the correct price in 2023 was £590. The initial 2024 price of £610 was based on this correct 2023 price – and was only a marginal increase from that. It reduced the 2024 price to £590 – which meant no increase from the correct price in 2023 – and there was no further discount it could offer.

- Overall, this meant the price was frozen in 2023 – despite the correct price increasing significantly. And the 2023 price increase was postponed to 2024 and frozen again. Across the two renewals, this would have meant discounts from the correct prices of nearly £200. Ordinarily that might be positively received by a policyholder.

- But based on what British Gas said in 2023, Mr and Mrs D were expecting only a marginal increase from £420 in 2024. They were disappointed to find a much greater increase. So I don't think they felt the benefit of the discounts. Nonetheless, I'm satisfied British Gas has acted fairly and will explain why.

- Each insurer is entitled to take its own view of risk and, based on that, whether to offer insurance cover to a particular policyholder – and, if so, at what price.

- Generally, an insurer can take into account any information they wish when deciding how risky something is to insure. That information can change over time for a variety of reasons – and so can the weight an insurer places on the information. As a result, an insurer's view of risk can change over time, even if nothing seems to have changed to the policyholder. I don't think that's unreasonable.

- There wasn't any obligation on British Gas to offer a renewal, or to offer it at a certain price. At each renewal, British Gas was entitled to look afresh at its underwriting and pricing information and make a decision about whether to offer a renewal – and, if so, at what price. British Gas chose to offer renewals, and at the prices noted above.

- That choice was based on British Gas' underwriting and pricing information, which applies to all policyholders. So Mr F has been treated consistently with other policyholders and any other policyholder in similar circumstances would have seen a similar increase.

- For these reasons, I'm satisfied the price increases were fair and reasonable.

- Mr and Mrs were entitled to accept, reject or negotiate the renewal terms offered by British Gas. In both years they negotiated, going on to accept in 2023 and reject in 2024. It's their right as consumers to do that. And it's meant they didn't pay more than they wanted to for the policy.

- The remaining point for me to consider is whether British Gas set and managed Mr and Mrs D's expectations fairly during its communication.

- Mr and Mrs D say they were reassured by British Gas in 2023 that the 2024 renewal would be based on their correct historic information, prices and loyalty discounts. They may have understood that to mean they could expect to receive only a marginal increase from £420 at the 2024 renewal. But I haven't seen anything to show British Gas made or indicated such a commitment. It committed to taking into account the relevant information about Mr and Mrs D's policy – and I've seen evidence to show that's what British Gas did. Whilst this triggered a much greater increase than Mr and Mrs D expected, that doesn't mean British Gas acted unfairly.

- It may have helped to reassure Mr and Mrs D they'd been treated fairly if British Gas had shown the correct 2023 price on the 2024 renewal – it showed £590 instead of £420 – but this error didn't impact the underwriting or pricing. And Mr and Mrs D were clearly aware of the correct amount, so the error didn't have any impact on their decision about whether to renew the policy at the price offered. Whilst the error is disappointing, I don't think it had any material impact on Mr and Mrs D.

- Taking everything into account, I'm satisfied British Gas acted fairly and reasonably. So I won't require it to take any further action.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Mrs D to accept or reject my decision before 25 September 2025.

James Neville
Ombudsman