

The complaint

Miss L and Mr S complain that AXA Insurance UK Plc (“AXA”) unfairly increased the premiums for their home insurance policy without providing a sufficient explanation.

Mr S has acted as the main representative during the claim and complaint process. So, for ease of reference, I will refer to any actions taken, or comments made, as those of “Mr S”.

What happened

Mr S held a home insurance policy underwritten AXA for several years. But he said his renewal premium in September 2024 was significantly increased; from £438 to over £1,150. Mr S said AXA’s explanation, which referred to flood risk per government legislation, was misleading as his property had a “very low” flood risk rating. He raised a complaint and said there hadn’t been any change in his personal circumstances or property risk.

AXA considered the complaint but didn’t uphold it. They said Mr S’s premiums had been calculated correctly using current insurance and underwriting data. They outlined that one of the factors they considered was flood risk as per government legislation, but that even without changes to a customer’s details, new risk models may see an increase in price. AXA concluded that they were unable to disclose any internal pricing models, as they were commercially sensitive, and also confirmed that the price of the policy had not increased due to Mr S’s neighbour dispute. Mr S remained unhappy with the response to his complaint – so, he brought it to this Service.

An Investigator considered the complaint but didn’t recommend the complaint be upheld. He explained that - while it wasn’t for this Service to tell insurers how much they should charge for cover - we could consider whether an insurer had fairly calculated a customer’s premium. And the Investigator said AXA had evidenced that the premium quoted was correctly calculated and was based on how they viewed the risk at the time the quote was provided. So, he thought they had demonstrated why there was a fair increase in Mr S’s premiums.

Mr S did not agree with the Investigator’s outcome. He maintained that government data showed his property had a very low chance of flooding and felt the level of increase AXA had applied to his premium was unjustified. Mr S also provided further submissions and evidence he wanted to rely on, including a barrister’s written opinion and a hydrological survey. Mr S said that his neighbour had constructed a dam on a river that ran at the back of their properties, and this had caused a one-off flood event. Mr S explained that AXA should have investigated this matter fully instead of ceding the risk of flood to Flood Re and increasing his premiums. He explained that he’d started a legal expenses claim under his policy with AXA and enforcement action with the Environment Agency was ongoing.

Mr S asked for an Ombudsman to consider the complaint – so, it’s been passed to me to decide.

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 reached the same overall outcome as the Investigator, and I do not uphold this complaint. I appreciate this will be disappointing for Mr S.

I want to start by setting out what I can consider as part of this decision. I recognise that Mr S's core complaint is that he feels AXA shouldn't have ceded the risk to Flood Re and he's outlined that the cause of the incident has now been removed. Overall, Mr S has submitted that he expects this Service to find that AXA were incorrect to cede the risk to Flood Re.

However, as the Investigator has explained previously, it's not this Service's role to dictate to an insurer what they should charge customers for an insurance policy. This is a decision for them to make based on their established underwriting criteria. So, the price they charge, and the methods used to calculate premiums, are a commercial decision for them to make. A wide range of factors are considered, and each insurer will have their own approach and appetite for taking on risk.

I appreciate Mr S says AXA were wrong to cede the risk to Flood Re and explained that the issue with the neighbour's dam has now been removed. He's also explained in detail about his legal claim and steps he's taken with flood data and the information and data the Environmental Agency uses and relies on. He's also expressed concerns over the wider insurance market and how AXA calculates their premiums. However, this Service is not the industry regulator and so it isn't my role to comment on these matters. The role of this Service is to consider whether AXA has treated Mr S fairly in regard to his specific complaint.

Since the complaint came to this Service, AXA has provided their underwriting information to show how they calculated Mr S's renewal premium. This information is considered commercially sensitive, so I can't share it. However, I've considered it carefully and I'm satisfied that it shows an established process when calculating Mr S's premium which would result in an increase at renewal. And while Mr S has said the government data he has obtained shows his specific property has a very low risk of flood; ultimately insurers are entitled to assess risk and apply rating factors when offering a policy. Overall, the underwriting information I've considered satisfies me that AXA applied their pricing strategy in a fair manner and in a way that would be the same for other customers.

In respect of Mr S's wider concerns about his legal expenses claim, while I recognise that this is in some way related to his premiums, it's not something I am able to consider as part of this decision. And I also can't make any findings on the legal advice he received or the complaint he raised following that advice. While I recognise that Mr S has had a difficult claim experience and I was sorry to hear about the issues he faced with the Environmental Agency; these are issues I can't make a finding on as part of this decision.

I do appreciate Mr S's concerns over an increase in his premiums when he'd been a customer of AXAs for several years and not made any claims. And I understand that it may sound unfair that an insurer can choose to set the price however they like. However, the insurance market is competitive, and consumers' choices are often driven significantly by price. Consumers have freedom to choose between many insurers in the market and can avoid those companies that they feel are too expensive or poor value for money.

It follows that, I don't find that AXA acted unfairly when applying their pricing structure to Mr S's renewal. While I recognise this is not the answer Mr S had hoped for, I trust my decision explains why I have reached the conclusion that I have.

My final decision

For the reasons I've given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L and Mr S to accept or reject my decision before 10 December 2025.

Stephen Howard
Ombudsman