

The complaint

Mrs B complains about the price charged by Aviva Insurance Limited (“Aviva”) to renew her home insurance policy.

Mrs B’s complaint has been brought by a representative on her behalf – who I’ll refer to as Mrs W.

What happened

Mrs B paid £299 for her home insurance in 2018, but by 2024 this had increased to £809.74. Mrs W says the renewal invite contained a link which it said would provide more information about the price increase. Mrs W clicked on the link and additional information appeared which said that Mrs B would be charged the same as or lower than the price charged for a new customer. Mrs W says she then went online to get a new business quote from Aviva and this gave a price of £357.63. Mrs W then complained to Aviva about the price increase, which she said was a 170% increase over five years, and about Mrs B being charged more than an equivalent new business price.

Aviva responded and explained, the price increases since 2018 were consistent with overall trends in the insurance market. They said factors such as risk assessments and other market forces play a significant role in determining premiums and, as market conditions change, so do the prices. In relation to the new business quote obtained by Mrs W, Aviva said the renewal price and new business quote differed due to factors such as the name, house number and coverage options. They also said insurance prices are dynamic and can change daily based on various factors, and that the renewal price was generated long before the new business quote was completed so it couldn’t be compared.

Our investigator looked into things for Mrs B. She thought Aviva hadn’t treated Mrs B unfairly in relation to the pricing. Mrs 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 Mrs 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 can see Mrs B paid £299 when she originally took out her policy in 2018. This gradually increased over the years, and Mrs B was then charged £809.74 for her policy in 2024. This,

as Mrs W says, represents a 170% increase from the price paid by Mrs B in 2018, so I understand why Mrs B is concerned about the price increase. Aviva have provided me with confidential business sensitive information to explain how Mrs B's price was calculated. I'm afraid I can't share this with Mrs W because it's commercially sensitive, but I've checked it carefully. And I'm satisfied the price Mrs B has been charged each year between 2018 to 2024 has been calculated correctly and fairly and I've seen no evidence that other Aviva customers in Mrs B's position will have been charged a lower premium.

As mentioned above, I can't provide specific detail about Aviva's risk model, but I've seen the specific rating factors used by Aviva during each of the policy years, 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 home insurance policy. One of the factors which have contributed to the price increases over the years relates to a general price increase. It's been widely publicised over the last few years that the price of home insurance has increased due to claims inflation and insurers facing rising costs in settling claims – and this includes the cost of labour and building parts and materials. This again isn't unusual or uncommon, so I can't say Aviva have acted unfairly here. This forms part of Aviva's pricing model so it applies to all policies. I think that's important here as it demonstrates the pricing model used to calculate Mrs B's premiums was no different to what was used for any other customer in the same circumstances.

I do acknowledge Mrs B's concern about the price increase over the years, and I do also acknowledge Mrs W's point that Mrs B 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 letter sent to Mrs B in 2024 and I can see Aviva did remind Mrs B that she could shop around to see if she could get a better price. As there have been at least four renewals, then section 6.5 of the Insurance Conduct of Business Sourcebook ("ICOBS") requires a business to provide specific wording about the benefits of shopping around. So, as well as treating Mrs B fairly, I think Aviva also acted in line with requirements set out under ICOBS.

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

Mrs W has provided a screenshot from a webpage which appeared when she clicked on a link provided in the renewal invite, and this said, *"As you're already a customer with us, your price to renew your cover will be the same as or lower than the equivalent price for a new customer."* Mrs W has provided information which shows she obtained a new business quote online from Aviva at a price of £357.63.

So, I have 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 Mrs B was offered her 2024 renewal by Aviva, so they did need to follow these at the time. And, having carefully reviewed the information provided by Aviva, I'm satisfied they haven't made a mistake or failed to offer Mrs B an ENBP.

I say this for a number of reasons. Firstly, as mentioned above, the ENBP needs to be reflective of the new business price the day the renewal invite is generated. But in this case, the new business quote obtained by Mrs W was generated over five months after Aviva generated the renewal quote. So, I don't think it's unreasonable to expect at least some rating factors to have changed between this period.

Secondly, the two policies need to be like for like, but that wasn't the case here. Mrs W obtained a new business quote for a different address, and the level of cover also wasn't identical. I acknowledge why Mrs W says she couldn't generate a quote for Mrs B's address, but it still means the ratings factors, in some respects at least, wouldn't be the same as those applied to Mrs B's address.

Thirdly, and as mentioned above, the FCA understands that different sales channels for the same brand might result in different prices and it accepts this is fair. In this case, a different sales channel was used to generate the new business quote compared with the renewal quote. So, I haven't seen any evidence that Aviva acted in a manner which wasn't consistent with the fair pricing rules.

Mrs W says she had to obtain a new business quote using a different address as Aviva's online sales process prevented her from generating this on the basis Mrs B already had a policy with them. Mrs W has provided a screenshot showing her more recent attempt at generating a new business quote using Mrs B's address, and this shows a message which says Mrs B already has home insurance with Aviva together with details on how to make any changes. I can see Aviva say their systems shouldn't prevent an existing policyholder from generating a new business quote, so I will leave this with Mrs W to raise with Aviva if this facility isn't available to her when using Mrs B's home details.

I can see Mrs W also raises a point about an existing customer discount which was applied to her new business quote. Mrs W has queried how a new customer can also qualify as an existing customer and why the same wasn't applied to Mrs B's renewal. I can't see Aviva have been given an opportunity to comment on these specific points, so I will leave this with Mrs W to decide whether she wishes to raise this with Aviva. More broadly though, I can't say I've seen any evidence which suggests Aviva didn't offer Mrs B an ENBP.

I understand why Mrs W has complained, and I hope she feels reassured that I've checked the pricing information from Aviva. But I can't say they've made a mistake or treated Mrs B unfairly. I wish to reassure Mrs W I've read and considered everything she 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 Mrs B to accept or reject my decision before 2 February 2026.

Paviter Dhaddy
Ombudsman