

The complaint

Mr W complains that Fairmead Insurance Limited ('Fairmead') overcharged him for premiums on his property insurance policy.

What happened

Mr W held a home insurance policy with Fairmead. He said he believed he was overcharged in the years prior to 2022. He says this was demonstrated by a significant reduction in his premium in 2022, which he considered showed the earlier premiums were incorrectly or unfairly priced. Mr W raised a complaint to Fairmead and said his earlier premiums must have been incorrect, excessive, or unfair and the new lower premium reflected what he should have been paying all along.

Fairmead considered Mr W's complaint but said they were satisfied that the premiums charged in each year were calculated correctly and based on the level of cover selected and various underwriting factors, including a subsidence claim, which they said could affect pricing for several years. They also said that while the premium had reduced in 2022, this occurred before they had taken over the policy and they didn't have access to the previous insurance pricing systems. Fairmead they said they had rated the policy premium using their own underwriting approach and this had produced a figure broadly in line with earlier, higher premiums. But because the policy migrated on a lower premium, they honoured that lower amount rather than increasing it. Mr W remained unhappy with Fairmead's 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 premiums. And the Investigator said while Fairmead couldn't evidence why the premium reduction in 2022 was so significant, this didn't demonstrate that previous premiums charged were unfair. Ultimately, the Investigator concluded Fairmead had acted fairly by calculating Mr W's premiums in the way they did.

Mr W did not agree with the Investigator's outcome and 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 Mr W has made general submissions over his concerns about Fairmead's ability to explain historic pricing, the migration of policies between insurers, and comparisons with general market averages for home insurance. 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 Fairmead treated Mr W fairly in regard to his specific complaint.

I can understand why the reduction in Mr W's premium in 2022 led him to question whether the premiums he had paid previously were fair. However, a later reduction in price doesn't by itself demonstrate the earlier premiums were incorrectly calculated or unfair at the time they were charged. I should also make it clear that 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.

Since the complaint came to this Service, Fairmead has provided their underwriting information to show how they calculated Mr W's premium at migration. 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 which rated it using their underwriting approach at that time. They've said that, had the policy been priced fresh at that point, the premium would have been broadly in line with what Mr W had been paying before the reduction in 2022. However, Fairmead honoured the lower premium applied at the point of migration, rather than increasing it. I consider that approach to be fair and proportionate in the circumstances.

I've also considered Mr W's reliance on general market data and average insurance costs. However, such figures are necessarily broad and don't take account of individual risk factors, including his specific subsidence claim history. For that reason, I don't consider they provide a reliable basis for demonstrating that Mr W's specific premiums were unfairly charged.

Overall, I'm satisfied that Fairmead has shown that Mr W's premiums were calculated in line with their underwriting assessment at migration, and the evidence I've seen persuades me that he wasn't treated unfairly or unreasonably. While the reduction in premiums in 2022 was favourable to him, I don't find that it shows the earlier premiums were incorrect or that a refund is due. And I'm not persuaded the available evidence demonstrates Mr W was incorrectly charged previously.

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 Mr W to accept or reject my decision before 11 February 2026.

Stephen Howard

Ombudsman