

The complaint

Mr E has complained about the renewal of his home insurance policy. He's unhappy because the premium increased and U K Insurance Limited ("UKI") didn't tell him.

What happened

In February 2025 UKI sent Mr E the renewal information for his policy. The policy automatically renewed on 20 March 2025.

On 24 March 2025 Mr E's bank wrote to him about the direct debit for the policy – it said it couldn't make the payment of £53.33 due to there being insufficient funds available in his account. Mr E says this is the first time he realised the price of his insurance had increased.

Mr E complained to UKI but it told him the price was correct and the renewal information was posted to him on 22 February.

Our investigator didn't think the complaint should be upheld. In summary, he was satisfied:

- the price increase was fair as Mr E hadn't been charged more than what a new customer would have been charged
- UKI had sent the renewal documents.

Mr E didn't agree and maintained that he didn't receive anything from UKI prior to the policy renewing.

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.

Mr E not receiving notice of the price increase

Mr E's renewal information was contained in documentation sent to him that was accompanied by a letter titled *Home Insurance Renewal Notice*. Of note, the documentation said:

- the renewal premium for the year was £639.52 (compared to £458.08 the previous year)
- the first monthly instalment of £53.33 would be due on 22 March 2025
- Mr E might be able to get insurance cheaper elsewhere if he shopped around
- if UKI didn't hear from Mr E it would debit his account with the payment details it had on its records.

In my view, this was sufficient to inform Mr E what the new premium would be.

However, the issue here isn't so much that the information contained within the renewal documentation was insufficient; it's Mr E's argument that he didn't receive the documents.

It's impossible for me to know whether UKI physically posted the renewal information to Mr E, or whether Royal Mail delivered that post. But in deciding complaints I don't need to know for sure what did or didn't happen – because I decide complaints on what most likely happened given the circumstances.

It's normal practice for insurers to send policyholders the renewal documents a month or so before the policy is due to renew. UKI's computer records show the dates the renewal documents were generated and sent to Mr E:

- in 2020 they were generated on 15 February and sent on 22 February
- in 2021 they were generated on 13 February and sent on 23 February
- in 2022 they were generated on 15 February and sent on 22 February
- in 2023 they were generated on 14 February and sent on 22 February
- in 2024 they were generated on 15 February and sent on 23 February
- in 2025 they were generated on 14 February and sent on 1 May.

UKI has explained that the anomaly with the "sent date" in 2025 is due to the fact it reprinted and re-sent the renewal documents following Mr E's complaint and its computer system only records the most recent date the documents were sent. So any previous 'sent date' is superseded whenever replacement documents are sent.

In addition to the above, there are two file notes on UKI's complaint record dated 24 and 27 March 2025 (so before the documents were re-printed on 1 May) saying that the computer records confirm the renewal quote was sent on 22 February 2025.

The above shows me that UKI has followed the same renewal process each year since at least 2020 ie the renewal documents were generated around 14 February and sent on 22 or 23 February. As the renewal documents from 2020 to 2024 were sent on 22 or 23 February I think it's most likely they were sent on 22 February 2025 too – as stated in the two file notes. I find UKI's explanation regarding the "sent date" in 2025 plausible.

I appreciate Mr E might not have received the renewal documents. However, UKI isn't responsible for post not being delivered and it doesn't have to ensure that the documents were received. So for the reasons outlined above I conclude it's more likely than not that UKI correctly sent the renewal documents to Mr E in 2025.

The price increase

Insurers calculate the price for an insurance policy based on the risk presented. They try to assess the likelihood of a policyholder making a claim and how much that claim is likely to cost. Based on that risk (as well as operating costs and profit aims) they then decide the appropriate price to charge.

When calculating a price, insurers consider numerous facts about the policyholder (eg age, occupation) and what they're insuring (eg type of house, location). The perceived risk presented can change year on year, so it's not unusual or uncommon for prices to increase even though a policyholder's personal circumstances remain the same. And the perceived risk to one insurer will be completely different to that of another insurer – which is why different insurers charge different prices.

I can't tell UKI how to price its policy eg what facts to take into account, what weight to place on those facts, how much of a risk Mr E presented. That's a commercial decision for UKI to make. However, I can look at whether UKI treated Mr E fairly and in line with how other policyholders were treated.

The renewal documents show there was a price increase. It's been widely publicised over the last few years that the price of insurance has increased significantly due to claims inflation and other relevant factors. I also take into account data from the Association of British Insurers and the Office of National Statistics.

Insurers constantly update how they rate the risk of policyholders. And their rates continually change. UKI has provided me with confidential business sensitive information to explain how Mr E's price increase was calculated and why it increased. As it's commercially sensitive I can't share that information in this decision. However, I've considered UKI's explanation and I can say that the increase was applied across the board to all UKI's policyholders. So the price increase, while more than Mr E was expecting, was calculated fairly and reasonably. I'm therefore satisfied that Mr E was treated fairly and consistently.

Summary

For the reasons outlined above, I conclude that UKI:

- most likely sent the renewal documents to Mr E in February 2025
- treated Mr E fairly in respect of the price increase.

My final decision

I don't uphold this complaint.

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

Paul Daniel
Ombudsman