

The complaint

Mrs and Mr R complain that INTACT INSURANCE UK LIMITED, has treated them unfairly when pricing the cost of their home and contents insurance policy over a number of years.

Mrs and Mr R feel their loyalty has been taken advantage of with annual increases in the price of the policy since its inception. They'd like INTACT to provide a refund for any years when they were overcharged.

What happened

Mrs and Mr R insured their buildings and contents with INTACT from 2006 until 2025 when the policy was cancelled. After speaking with a family member about the cost of their insurance, Mrs and Mr R realised they were paying considerably more for their policy. Mrs and Mr R complained that INTACT had taken advantage of their loyalty.

INTACT said the increases in price applied each year since the policies inception were done to reflect the view of the risk insured. So, the increase was reflective of the price it felt it needed to charge to provide the insurance and it wasn't increasing this to increase its profit.

From 2018, it had provided wording to let Mrs and Mr R know that they may be able to get their insurance cover at a better price, if they shopped around. It only provides a review of price with customers if this is requested and it doesn't proactively offer this service and even if this had happened, there is no guarantee the price would reduce.

Our investigator looked at this complaint and didn't think INTACT needed to do anything else. They didn't believe the price had been increased, simply because Mrs and Mr R renewed the policy each year. They had seen commercially sensitive information which demonstrated the price increases were based on a change in the view of the risk so they couldn't say INTACT had treated them unfairly.

Mrs and Mr R didn't accept this was fair. They felt any new customer discount received at the inception of the policy must have been recouped many years ago and they didn't see how their circumstances warranted such a drastic change in the view of risk.

Our investigator said this Service doesn't set the price insurers can charge. We will consider whether the insurer has fairly applied its approach to pricing and in doing so, make sure it hasn't treated anyone unfairly. In this case, they were satisfied with the information provided that Mrs and Mr R had not had the price of their insurance increased because of their loyalty. And INTACT hadn't treated them unfairly or differently to its other customers when applying its view on the risk insured.

Because Mrs and Mr R didn't agree, the complaint was referred for 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.

I've decided not to uphold this complaint. I know this will be disappointing to Mrs and Mr R but I'll explain why I don't think INTACT was taking advantage of their loyalty with its pricing.

I do acknowledge that the premiums paid by Mrs and Mr R for their insurance over the years have not been insignificant. The renewal quote offered for 2025 priced this at £1343.40 per year with the inclusion of the Home Emergency and Legal Expenses. This was a reduction on the previous year where the same cover was provided for £1439.64.

However, it is not my role to set the price of insurance and each business is free to determine what price it needs to charge to provide cover for the risk it is insuring. It will do this by taking account of a number of factors. What I can do is make sure INTACT, when applying its approach, has treated Mrs and Mr R fairly. So, has it demonstrated the increases were based on a change in the view of risk or a wider change to its pricing, applied to all customers. If there was anything to demonstrate Mrs and Mr R were being treated less favourably than other customers, this wouldn't be fair.

When thinking about customers who've been with the same insurer for a number of years, I need to think about whether there was engagement on the price. If there wasn't, it's fair to say the customer was inert. If this is the case, I want to be satisfied that the price didn't increase simply because of the lack of engagement only.

If a customer is letting a policy renew year on year without engagement, after 4 renewals with no engagement, it's fair to think the business should be aware of this. But it isn't as straightforward as drawing a line on the 4th renewal from the initial policy inception and the behaviour and interaction throughout the policy period needs to be considered. We also need to think about whether there is anything which evidences a change in risk during the policy term which could have resulted in the price changing and explain the increases. We also know that previously, many businesses applied quite significant new customer discounts which were recouped over time.

The pricing data on this complaint is limited in places. I say this because although the total premium charged is understood and can be shown going back to 2006, the passing of time means the detailed breakdown of this price is only available from 2017. This isn't unusual or uncommon and I wouldn't expect a business to have the back-office information going back as far as 20 years.

However, contact notes are available going back to 2006 and this provides an extra layer of detail for the contact Mrs and Mr R had with INTACT on the renewal of their policy each year. So, I've considered whether the information provided demonstrates, whether I think Mrs and Mr R were inert and whether I think INTACT can demonstrate the price increases have been applied fairly and not simply because of a lack of engagement.

The contact notes demonstrate there was some engagement on the policy at different points over the years on the price of the policy. And although there is no evidence of any claims being made, there was changes to the policy when Mrs and Mr R moved home and the risk address was changed in 2010. So, I'd expect this to have an impact on the cost of the policy and for a brief period, Mrs and Mr R asked that INTACT provide cover for both the old and new house.

In 2012, the contact notes show a conversation took place at renewal and the premium was revised with the removal of a charitable donation attached to the policy. This was done at the request of Mrs and Mr R and I think this demonstrates engagement on the price of the policy and that discussion took place on this with INTACT at the time. So, I cannot be satisfied that Mrs and Mr R were inert and similar conversations are noted in 2013, 2014 and 2015 within the contact notes.

When questions were raised about the price, it appears the price was revised and the renewal accepted. So, I'm not persuaded INTACT did anything wrong here. Nor does this demonstrate it was taking advantage of a lack of engagement. At a number of points between the inception of the policy and 2015, it appears there was engagement and changes to the risk insured, so increases to the price could be expected and Mrs and Mr R spoke with INTACT about the price at different points. So, I don't think they were inert and there was no requirement on it at this point to provide Mrs and Mr R with more information about the cost of insurance elsewhere. Overall, I cannot say the price was increased unfairly during this period.

In April 2017, the Financial Conduct Authority (FCA) introduced new rules to the Insurance Code Of Business Sourcebook (ICOBS) which were specific to what insurers and intermediaries need to do at renewal, including prescribed wording for certain customers. If a customer was renewing with the same business and had been for four or more years, the business needed to include the following wording:

"You have been with us for a number of years. You may be able to get the insurance cover you want at a better price if you shop around"

I've seen from the renewal documents provided that this wording was included as it should have been and INTACT was doing what it needed to. So, I've not seen a failing here.

The pricing data provided is confidential to INTACT and I cannot share the full details with Mrs and Mr R. However, this demonstrates from 2017 onwards the margin applied to the premium remained consistent through until 2022. During this time, the price of the policy increased by around £150. The pricing data demonstrates the price increases to the policy were reflective of the overall cost of providing insurance, and this increasing. This is the result of things like claims inflation and it demonstrates that the price didn't increase simply because of a lack of engagement. And even though the contact notes indicate from 2015 onwards, Mrs and Mr R were less engaged, I don't think their loyalty was being taken advantage of.

In January 2022, the FCA implemented a further change to ICOBS, specific to the price it charges renewing customers when compared to new customers. ICOBS 6B.2.2 sets out that the renewal price for a renewing customer must be no higher than the equivalent new business price. This was put in place with a view to make sure customers who'd been with the same insurer for a number of years were not being treated less favourably than new customers. It means from 2022 onwards, all insurers need to make sure the price they charge is consistent for new and existing customers.

INTACT has confirmed from 2022 onwards, it has complied with ICOBS when offering the price it did to Mrs and Mr R. It checks its systems monthly to confirm this is the case and the renewals offered were compliant. Based on this, I am satisfied any price increases after this point have been applied because of the view of the risk taken by INTACT and not because of any lack of engagement from Mrs and Mr R. Importantly, the price they were offered after this point at each renewal was no higher than the equivalent new business price.

I appreciate with the cost of this policy being very different to what Mrs and Mr R have been able to find cover for elsewhere, that they will feel INTACT hasn't treated them fairly. However, each insurer can charge what it wants for the service it offers. Comparison websites highlight the range in prices available across this market, often with little difference in cover. But the difference in one price from the next does not mean one insurer is acting unfairly when compared to another.

INTACT has demonstrated the price it has charged, was not based on a lack of engagement

from Mrs and Mr R. Instead, it has applied its view of the risk it has been asked to provide cover for. The price is consistent with how it treats other customers and from 2022 onwards, the price offered was no higher than the equivalent new business price. Because of this, I cannot say it has acted unfairly when charging what it has, nor can I ask it to do anything else now as a result.

My final decision

For the reasons I've set out above, I do not uphold Mrs R and Mr R's complaint.

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

Thomas Brissenden
Ombudsman