

## **The complaint**

Mr H complains about the repair costs incurred by Intact Insurance UK Limited (“Intact”) when handling his claim under his home insurance policy. He also complains about the impact this has had on his premium.

## **What happened**

Mr H made a claim under his policy, and Intact offered Mr H a cash settlement of £6,994.74 – which Mr H declined. Intact then instructed their contractors to carry out the repairs. In 2025, Mr H received a quote from another insurer, and this was significantly higher than what Mr H had paid the previous year. Mr H says the policy invite he received made reference to the claim repair costs being over £18,000. Mr H then complained to Intact about the claim costs and said this had resulted in his premium increasing to more than double what he’d paid the previous year.

Intact responded and explained, during the repairs, their contractors identified additional work was required, and this affected the scope of works – and this is what increased the claim costs. Intact said the cost of the claim wouldn’t have resulted in them charging a lower premium and the price charged at the 2024 renewal was correct. Intact said Mr H had taken out a policy with a different insurer in 2025 so they couldn’t comment on the price. Intact acknowledged there had been claim delays during December 2024 to January 2025. They said this related to an incorrect drying certificate and a damp issue. Intact paid Mr H £250 compensation for this.

Our investigator looked into things for Mr H. He thought Intact hadn’t made any error with the claim costs and hadn’t treated Mr H unfairly in relation to the pricing. He agreed the £250 paid by Intact was reasonable. Mr H 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 Mr H will be disappointed by this but I’ll explain why I have made this decision.

### *Claim repair costs*

The information shows Intact offered Mr H a cash settlement, which he declined. Contractors were then appointed by Intact to carry out the repair works. Intact have provided a costed scope of works which describes, in detail, all works required to restore the affected area back to its pre-loss condition. The scope of works shows the total repair costs, as well as additional costs in dealing with the claim, which is why the claim amount exceeded £18,000.

This is significantly higher than the cash settlement amount offered to Mr H, so I do acknowledge why Mr H has questioned the total repair costs. But the information shows additional work was identified during the claim and this increased the total claim costs. There

was a slightly smaller increase first, and this was then followed by a more significant increase. It's clear Intact looked into this and made enquiries to establish what the additional costs related to, before these were agreed. Looking more broadly at the costed scope of works, I'm persuaded all work relates to the area affected by the escape of water, so I can't say Intact have acted unfairly here or that there's evidence of Intact incurring unnecessary costs in carrying out the repair works.

I acknowledge Mr H says contractors are able to charge insurers commercial rates that remain hidden from customers, so inflated claims go unchallenged – and this then leads to a customer's premium increasing. The first point I would mention is that, generally, it's not in an insurer's interests to pay unnecessary costs towards repairs. It's the insurer who's paying these costs so they will frequently review the costs position while comparing this to the scope of works. Looking at the case here, I can see the costs did increase beyond what was first estimated, but Intact did raise queries about this to understand why the costs being claimed had increased. So I can't say I've seen any evidence of the contractor increasing their repair costs and Intact simply paying these without carrying out any level of review or making enquiries with their appointed agent.

I can see Mr H has provided a list of materials which he says cost just over £3,000, so he questions whether a significant proportion of the repair costs was attributable to labour costs. The information provided by Intact shows the total costs were made up of materials, removal/stripping out work, fitting, painting and decorating as well as other general costs associated with the claim. So, there is a range of work which was required to restore the affected area back to its pre-loss condition.

### *Pricing*

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 Mr H paid £380.34 for his policy in 2023, but he was then charged £682.70 in 2024. This represents a 79% increase from the price paid by Mr H in 2023, so I understand why Mr H is concerned about the price increase. Intact have provided me with confidential business sensitive information to explain how Mr H's price was calculated. I'm afraid I can't share this with Mr H because it's commercially sensitive, but I've checked it carefully. And I'm satisfied the price Mr H was charged has been calculated correctly and fairly and I've seen no evidence that other Intact customers in Mr H's position will have been charged a lower premium.

I've already mentioned above why I don't think Intact acted unfairly in incurring the repair costs they did, but I can see from information provided by Intact that the claim repair costs incurred in dealing with Mr H's claim didn't have an impact on the renewal price. The fact there was a claim was taken into account, and this isn't unusual or uncommon. But the information doesn't show that the value of the claim would've had an impact on the price of the policy.

I acknowledge Mr H says his 2025 policy was significantly higher than what he'd paid in 2024, but this was with a different insurer. 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. Given this complaint is about Intact, I can't comment on the ratings used by a different insurer to calculate the premium. Even if that insurer did take into account the value of the claim, then I still can't say Intact have made an error as I've already concluded that Intact didn't act unfairly in incurring the claim repair costs they did.

Mr H says high value claims do affect the price of policies, overall. More broadly, I agree it does. If an insurer has, unexpectedly, paid out a significant amount on a number of claims in a particular year, then this will likely have an impact on their claims experience and it's not therefore unusual or uncommon for this to affect the price they set for a policy the following year. It could mean that insurers reassess risk and the price of the policy for all customers increases as insurers will need to ensure there is sufficient funds to enable them to deal with claims. That's something which will likely affect all their customers. But, looking more specifically at the circumstances of this case, Intact have provided pricing calculations which show the claim repair costs didn't, as an individual factor, affect the price Mr H paid for his policy in 2024. As I've mentioned above, I can't say whether the repair costs was an individual rating factor used by Mr H's new insurer, but I can't say in any event that I've seen any evidence that Intact paid any costs which were unnecessary to the claim.

#### *Claim delays*

There doesn't appear to be any dispute between the parties around this issue. Intact accept there had been claim delays during December 2024 to January 2025. They said this related to an incorrect drying certificate and a damp issue. Intact paid Mr H £250 compensation for the impact this had on Mr H. Taking into account the impact of this on Mr H, and the duration of that impact, I think the £250 paid by Intact is fair and reasonable in the circumstances.

I wish to reassure Mr H I've read and considered everything he 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 Mr H to accept or reject my decision before 13 April 2026.

Paviter Dhaddy  
**Ombudsman**