

The complaint

Mr and Mrs L complain about the amount AXA Insurance UK Plc charged for their home insurance policy.

Reference to AXA includes its agents and representatives.

What happened

The circumstances of this complaint aren't in dispute, so I'll summarise the main points:

- Mr and Mrs L made a subsidence claim in December 2022, which was accepted. At the 2023 policy renewal, the premium was around £600. In 2024, it increased to around £950 and, in 2025, to just over £1,900. After Mr L got in touch with AXA to increase an excess, the premium reduced to around £1,700.
- Mr and Mrs L complained about the 2025 premium increase. They didn't think AXA had adequately explained and justified a near 100% increase, bearing in mind their circumstances hadn't changed.
- AXA said it took into account a number of factors when calculating a premium. And it had released a new product with significant changes in cover, including more comprehensive cover. It also said contents cover had been index linked.
- Our investigator thought AXA had acted fairly and didn't need to do anything further. Mr and Mrs L disagreed. So the complaint has been passed to me.

My provisional decision

I recently issued a provisional decision in which I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

- When considering what's fair and reasonable in the circumstances I've taken into account relevant law and regulations, regulators' rules, guidance and standards, codes of practice and, where appropriate, what I consider to have been good industry practice at the time. Whilst I've read and taken into account everything said by both parties, I'll only comment on the points I think are relevant when reaching a fair outcome to this dispute. That's a reflection of the informal nature of this Service.
- Mr and Mrs L have made separate complaints about the way AXA handled the claim, and how another business handled some aspects of the 2025 renewal. Those complaints have been considered separately, so I won't consider them again here. My focus will be on the premium increase at the 2025 renewal.
- The main complaint point is about the extent of the 2025 renewal premium increase. It roughly doubled from 2024 – despite no change in Mr and Mrs L's circumstances.

And, as they had an ongoing subsidence claim with AXA, their access to the open market to seek more competitive alternatives was significantly limited.

- Each insurer is entitled to take its own view of risk and, based on that, what price to charge for providing insurance. Nonetheless, I would expect AXA to be able to show its premium increase was fair.
- In this case, that means the increase was in line with AXA's general view of risk and Mr and Mrs L were treated consistently with how any other policyholder in similar circumstances would have been. I would also expect AXA to bear in mind that, with an ongoing subsidence claim, Mr and Mrs L are unlikely to be able to readily access alternative cover in the open market.
- In the complaint response, AXA said contents cover is index linked. This statement gave the impression AXA thought this was a contributory factor to the premium increase. But Mr and Mrs L have pointed out their policy doesn't include contents cover. So I don't understand why AXA included this statement. And I don't think it helped Mr and Mrs L to feel that their complaint had been thoroughly considered on its own merits.
- Similarly, AXA's complaint response said it had released a new product with significant changes in cover, including more comprehensive cover. Again, this statement gave the impression AXA thought this was a contributory factor to the premium increase. But Mr and Mrs L have questioned what additional cover AXA provided in 2025 that it didn't in 2024. I've checked this point with AXA, and it's said both policies are the same. So I don't understand why AXA included this statement.
- In these circumstances, I can understand why Mr and Mrs L may feel let down by the way AXA has handled the matter. It seems to have provided generic comments, unrelated to the particular circumstances of Mr and Mrs L's policy.
- So I've gone on to consider what actually contributed to the premium increase. AXA has shared some underwriting and pricing information with this Service. It's commercially sensitive, so it wouldn't be appropriate for me to discuss it in detail. But I can reassure Mr and Mrs L the information is clear and persuasive.
- Having thoroughly considered it, I'm satisfied it shows the premium increase was fair because it fulfilled the points I outlined above. In summary, AXA has shown the premium increase was mainly driven by its general view of risk changing. This change would have impacted any of its policyholders, so Mr and Mrs L haven't been treated inconsistently. And it means the premium increase hasn't been driven by the subsidence claim or Mr and Mrs L's difficulty accessing the open market.
- The overall price Mr and Mrs L paid is also impacted by additional charges added by the business who handled the renewal. They're a separate business to AXA, so I can't consider such additional charges as part of this complaint.
- There's a secondary complaint point related to the later premium reduction after an excess was increased. Mr and Mrs L were initially quoted around £1,660 – but were later told the amount would be around £1,720. I understand the lower price was based on the cause of subsidence being described as drainage. Mr L said this was incorrect as the cause was trees, and that change prompted the higher price.

- I've checked this point with AXA and received conflicting information. On the one hand, it says the change of cause makes no difference to the price. On the other hand, the only explanation it has given for the change from the lower to the higher price is the change of cause. This is clearly unsatisfactory.
- As a result, I haven't been persuaded the higher price was charged fairly – despite giving AXA several opportunities to explain what happened. In these circumstances, I consider it fair and reasonable for AXA to refund the difference. Given the delay this has caused, and the way the matter has been handled overall, as I explained above, I think Mr and Mrs L have been caused avoidable distress and inconvenience.
- To put things right, AXA should pay a total of £100 compensation.

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.

- AXA didn't respond to my provisional decision. So I assume it accepts what I said.
- Mr and Mrs L responded to accept my provisional decision, though I recognise that was in part because they can't see AXA's commercially sensitive underwriting and pricing information – so there are limits to how much they can challenge it.
- It may help if I explain that AXA, like most home insurers, use sophisticated and complex systems to underwrite their policies. These systems often rely on many factors, sometimes hundreds, to estimate how likely a particular policyholder is to make a claim, what such a claim would cost, and therefore what premium to charge to cover the risk of claims, operating costs and profits.
- The system represents AXA's general view of risk. When the system is used to decide how much to increase a premium by at renewal, that policyholder is being treated in line with AXA's general view of risk and consistently with all other policyholders. But that doesn't mean all policyholders will have the exact same premium increase.
- For example, the system may have a series of risk ratings for flood, based on AXA's view of how likely a flood is to occur in different areas of the country. Depending on a particular policyholder's postcode, the corresponding risk rating is applied to their premium. Naturally, different postcodes will have different risk ratings. Over time, ratings may change for some postcodes. Or AXA may think the claim cost associated with a certain risk rating may change. So one policyholder may have a different premium increase to another in a different area – but both have been treated consistently and in line with AXA's general view of risk.
- In short, in my provisional decision, I found that AXA had treated Mr and Mrs L in line with its general view of risk. That meant they'd been treated consistently with AXA's other policyholders and hadn't been singled out. Nor had AXA treated them disadvantageously as a result of their limited access to the open market. In these circumstances, I was satisfied the underlying premium increases were fair. My view on that remains the same.
- Neither party has challenged my view that AXA should pay £100 compensation. So my view on that also remains the same.

My final decision

I uphold this complaint.

I require AXA Insurance UK Plc to pay £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L and Mrs L to accept or reject my decision before 20 November 2025.

James Neville
Ombudsman