

complaint

Mrs B has complained about the size of the refund Admiral Insurance Company Limited gave her in connection with her motor insurance policy.

background

Mrs B's car was in a minor incident (the incident) when her passenger opened her car's door while another car passed by. There was no significant damage to Mrs B's car. She told Admiral about the incident. It said it would treat it as a fault claim unless, after six months, the other driver still hadn't made a claim. During that period Mrs B's policy renewed and her premium increased by around £553. The other driver didn't claim against Mrs B's policy. Admiral amended the record of the incident from fault to notification only (non-fault). It paid Mrs B a premium refund of around £31. Mrs B didn't think that went far enough and brought her complaint to us.

One of our investigators looked into Mrs B's complaint. She said that while she thought Admiral had calculated Mrs B's base premium fairly she noticed that an additional charge to protect Mrs B's no claims discount (NCD) had increased from £11 to £171. Our investigator said she didn't think that was fair. So she said Admiral should refund the increase, of £160, to Mrs B and add simple interest to that refund.

I issued a provisional decision on 9 February 2021. For ease I've copied my provisional findings below. I said:

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

Mrs B's renewal premium increased significantly after she told [Admiral] about the incident. And it's apparent she was expecting the premium to reduce significantly once the claim was closed as not being her fault. But while Admiral did pay Mrs B a refund of around £31, that still meant that her premium had increased by over £522 compared to the previous year. So I can understand why she was concerned about such a steep increase in premium. But that doesn't mean Admiral's done anything wrong.

We're not the industry regulator. That means it's not my role to tell an insurer how much it can charge for its policies. Neither is it my role to tell an insurer what factors it should take into account when assessing risk in order to calculate a premium. Different insurers will have different views on what presents a risk and the extent of those. That's essentially a matter of commercial judgement and not something we would usually think it's fair to interfere with. And we generally take the view that, providing they treat people fairly - that is they treat people with the same circumstances in the same way - insurers are entitled to charge what they feel they need to in order to cover a risk.

Mrs B's premium remained considerably higher than it had been before the accident even after Admiral changed it to non-fault. And Admiral explained to Mrs B that even non-fault incidents will affect premiums. That's because many insurers say their statistics show that drivers who've had non-fault incidents are more likely to go on to be involved in fault claims later. And for insurers like Admiral it's the incident itself, rather than whether or not a claim was made, which affects the risk a driver poses. And Admiral reflects that increased risk in the premiums it charges.

But there were other factors that affected Mrs B's premium. And Admiral's shown us details of how its risk assessment has changed for Mrs B at renewal. Having considered that information I can see that there were a number of other factors, unrelated to the incident that have affected the premium. That information is commercially sensitive, so I can't share it with Mrs B. But having looked at it carefully, I'm satisfied Admiral treated Mrs B as it would other consumers with similar circumstances. So, I don't think it calculated Mrs B's premium unfairly.

Mrs B indicated that she wouldn't have renewed with Admiral if she'd known that her premium would remain high after no claim was received. That might have been the case, but Admiral didn't tell her that her premium would reduce to its previous level if no claim was made, only that it would recalculate it. And that's what it did.

Further, I've seen that Admiral's charge to protect Mrs B's NCD, which formed part of the overall premium, climbed steeply at renewal. But as I've said above, how much an insurer charges for its policies, including for things like extra costs to protect NCD, is something an insurer is allowed to decide for itself. So, if Admiral decides to increase the cost to protect NCD in certain circumstances then it may do that. And it's for Admiral to decide how much it wishes to charge in order to make a profit while attempting to retain its customers' business. And Admiral's clearly decided that, in Mrs B's circumstances the cost to protect her NCD was affected by the change in risk. That's a decision it's entitled to come to. It's also worth noting that, as Mrs B is aware, she was under no obligation to renew with Admiral. She could have looked for a policy from a different provider but chose not to do so. But I don't think that was because Admiral treated her unfairly. So, I don't think it would be fair to instruct Admiral to refund any more of Mrs B's premium."

developments

Mrs B didn't agree with my provisional decision. Amongst other things she didn't think it was fair that Admiral should increase her premium so significantly, especially as no claim was made against her policy and Admiral didn't suffer a loss.

Mrs B added that she rang Admiral when her policy was due to renew noting the increase in premium. But Admiral told her she'd receive a refund once the claim closed as non-fault. She said that I should listen to the relevant phone-call. And, as Admiral promised her it would refund the increased premium, she didn't look for a policy with another insurer.

Mrs B also said she didn't think it was fair that our investigator had recommended that Admiral pay her a refund of £160, but I had removed that recommendation, which added to her overall costs.

Admiral had no further comments to add.

my findings

I've considered again all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so I'm not going to uphold it.

Mrs B doesn't think it's fair that Admiral increased her premium by so much, particularly as no claim was made against her policy. But as I said in my provisional decision, much of the increase in Mrs B's policy wasn't caused by the incident. And Admiral considers that it's the involvement in the incident itself, rather than whether or not a claim was made, that changed

its perception of the risk she posed as a policyholder. And I think it treated her as it would its other customers in similar circumstances. So I don't think it calculated her premium unfairly.

I listened to the call during which Mrs B spoke with Admiral about her renewal premium before issuing my provisional decision. And Admiral didn't promise it would return her premium to its original level. Instead it said it would recalculate it if the claim closed as non-fault. And that's what it did. I recognise that recalculation didn't produce the outcome Mrs B was hoping for. But Admiral didn't give her any guarantee that her premium would reduce to its previous level. And I don't think it dealt with her unfairly.

Further, I can understand Mrs B's disappointment that I didn't instruct Admiral to pay her a premium refund, even though our investigator had recommended that. But we operate a two stage process: consideration by an investigator; and if either side doesn't agree, a fresh look by an ombudsman like myself. That's what happened here. Admiral didn't agree with our investigator's assessment, so the case came to me to review.

And, in every case, I consider all the evidence independently. I then come to my own conclusions about what I consider to be a fair and reasonable outcome, regardless of what our investigator has recommended. It's not unusual or uncommon for an ombudsman's decision to be different to an investigator's. And, that's what happened here. That is, for the reasons I set out in my provisional decision, I don't think Admiral had unfairly increased Mrs B's premium, and as such I'm not going to instruct it to pay Mrs B a refund.

my final decision

For the reasons set out above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 12 April 2021.

Joe Scott
ombudsman