

## **complaint**

Ms T complains that her Allianz Insurance Plc home insurance premium doesn't truly reflect the actual cost of insuring her house.

## **background**

Ms T has had her home insurance with Allianz for a number of years. In 2011 she made a claim on her insurance for subsidence. At the time of her claim her annual premium was £357.20. After the claim was settled, her premium increased at the following renewal to £595.35. Ms T complained to Allianz and the premium was reduced to £521.01. The quoted premiums for the following three years – 2013, 2014 and 2015 – were £560.08, £541.10 and £479.56. Ms T managed to get the 2015 premium reduced still further to £470.56.

Ms T believes she's being charged an inflated premium for the type of home she has. She thinks she's being unfairly treated by Allianz because it knows she can't move her business to another insurer due to the subsidence claim. Ms T has said:

- Insurance premiums are at a five year low with the average cost of insuring a house being £116 per year yet her premium has increased by 32% during that time;
- That premiums in general are falling so she expected her premium to fall this year;
- That the premium amount is causing her financial hardship;
- That she's tried to move her cover to another insurer but none of them will accept her business;
- That this service will only interfere in an insurer's right to exercise its discretion (when setting a premium) if it's exercised unfairly. Ms T says she's being treated unfairly because she can't move her insurance elsewhere and Allianz is exploiting that fact.

Our adjudicator investigated Ms T's complaint but didn't recommend that it be upheld. He said he'd seen no evidence that Allianz had unfairly set Ms T's premium or that it had been calculated incorrectly.

Ms T asked for her complaint to be referred for an ombudsman's decision.

## **my findings**

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

I don't think that Ms T's complaint should be upheld and I'll explain why.

Insurers operate in a competitive commercial environment where they set the premium according to a number of risk factors and ratings. It's not for me to determine the cost that a particular risk presents. In a competitive market, different insurers will naturally have different views about various risks. But at this service we'll look to make sure that an insurer has treated its customers fairly. This may include the way in which it's set the price of a policy and whether this has unfairly disadvantaged a particular consumer.

I haven't seen any evidence that Allianz has treated Ms T unfairly when setting her premium or that a mistake was made. Allianz has told us that any "loading" of the premium because of the subsidence claim was removed in 2014. So that doesn't appear to have affected the price.

Allianz has told us about the risk factors and ratings that it takes into account when setting Ms T's premium and I don't think it's applied these unfairly. I appreciate that she's sent in evidence that the average cost of house insurance is falling. But I don't think the two premiums – the one referred to in the article and her own – can be compared. Insurers assess risk on an individual basis. I can't draw any reasonable conclusions that Ms T's premium is hugely inflated because the article says the average premium is now £116.00.

In addition, it's worth noting that the cost of Ms T's own premium has fallen too. I know it hasn't fallen as much as she would have liked, but it has fallen.

I appreciate that Ms T says the premium is high and represents a significant proportion of her annual income. I can also see that the premium before the subsidence claim was £357.20 and jumped to £595.35 after the claim (I note that Ms T complained to Allianz about this in 2012 but didn't refer a complaint about it to this service at the time). Thereafter, the premium fell in the following years and Ms T removed cover for possessions outside the home in 2012: this would have partially explained any premium reduction.

Having considered all the evidence, I don't think Allianz has treated Ms T unfairly when setting her annual premium. I appreciate that she thinks she's paying too much in comparison to the national average but I'm satisfied that Allianz has calculated her premium according to ratings and risk factors relevant to her property and I don't think it's done so unreasonably.

### **my final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T to accept or reject my decision before 11 April 2016.

Claire Woollerson  
**ombudsman**