

## The complaint

Mrs G complains as an Administrator of the estate of Ms R about the price charged by Aviva Insurance Limited ("Aviva") over several years to renew Ms R's car insurance policy.

## What happened

Mrs G says, after Ms R passed away, she received a letter from Aviva with a renewal quote. Mrs G was concerned about the price quoted and also about the price Ms R had been charged the previous year. So Mrs G complained that Aviva had been taking advantage of a long-standing customer by overcharging Ms R for her car insurance.

Aviva responded and explained they weren't able to change the premiums charged as these had been accepted by Ms R each year. They explained, at renewal they assess risk for the next 12 months using statistical claims models and applying various rating factors and structures. Aviva explained, they understand a customer might feel certain factors haven't changed such as address and claims history, but other factors outside of their control, such as claims exposure and rising costs of repairs, will have changed. They explained these factors can change on a regular basis and will alter the price of insurance. Aviva explained the prices they charged were in line with their pricing strategy, so they didn't uphold the complaint.

Our investigator looked into things for the estate of Ms R. He thought Aviva hadn't acted unfairly in relation to the pricing. Mrs G 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 Mrs G will be disappointed by this but I'll explain why I have made this decision.

I think it will help if I firstly set out the premiums Ms R paid to Aviva and the price quoted for the 2023 renewal.

Year	2010	2011	2012	2013	2014	2015	2016
Premium	313.00	£371.00	£426.00	£454.00	£494.00	£532.00	£585.00
Year	2017	2018	2019	2020	2021	2022	2023
Premium	£715.00	£700.00	£700.00	£662.60	£715.00	£730.00	£890.96

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.

When a consumer isn't engaging on the cost of their insurance, either through vulnerability or something else that stops them from doing this, we'd say they are inert. And when looking at complaints brought by inert customers – or a representative on their behalf, we expect to see that they've not been treated differently as a result. Offering a new business discount is something which was common with insurance previously and where customers have had the benefit of a reduced premium when the policy is first taken out, it was fair for an insurer to increase the premium to recoup the discount applied. This is why it wasn't uncommon for a consumer to see an increase in premium in the few years following them first taking out an insurance policy.

That said, I do understand why Mrs G became concerned when receiving the 2023 renewal quote. It's not only an increase from the previous year, but Mrs G says the 2022 price in any event is more than double what it should've been. Aviva have provided me with confidential business sensitive information to explain how Ms R's premiums were calculated. I'm afraid I can't share this with Mrs G because it's commercially sensitive, but I've checked it carefully. And, I'm satisfied the premiums charged have been calculated correctly and fairly and I've seen no evidence that other Aviva customers in Ms R's position will have been charged a lower premium at the time.

Aviva say, due to their systems, they can't see renewals prior to 2010. They've provided a complete breakdown of all premiums charged from this point. I've carefully reviewed all breakdowns which includes details of all rating factors taken into account and the individual price and percentage charged for each. As mentioned above, I can't share this with Mrs G as it's business sensitive information. But, I can see in the years when the price increased this was down to a range of factors. This includes, but is not limited to, changes in rating factors relating to the area where Ms R lived, the make, model and age of her car, and the base rate which is impacted by claims inflation. So, I can't say Aviva have made a mistake when calculating a price, or that they treated Ms R unfairly.

Aviva have explained the policy was set for manual renewal – which means it required Ms R to renew by either calling Aviva or accepting the quote online. Aviva say the policy wasn't ever set to renew automatically. Aviva have provided information which shows Ms R renewed online between 2013 to 2018. Ms R then called Aviva to renew in 2019 and 2020. And then renewed online again in 2021 and 2022. So, this shows Ms R was engaging with Aviva in relation to her insurance and actively choosing to accept the renewal as opposed to the policy renewing automatically in the event of Ms R not taking any action.

I acknowledge Mrs G says Ms R was a long standing and loyal customer who wouldn't have been alert to how much more she was paying. Mrs G says Ms R would've likely trusted she was being quoted the market price and would've paid it each year. Mrs G says inertia shouldn't just apply where a policy is set up to automatically renew and should also take into account customers who may not shop around because they place their trust in the insurer to offer a competitive price. I do wish to reassure Mrs G that, when considering this complaint, I have considered factors beyond just the automatic renewal not being in place. I can see Ms R did engage with Aviva in two policy years to discuss a discount – most recently in 2020 when Aviva agreed to apply a 10% discount. I've seen what the price was originally and how the discount brought the price down. So, this further persuades me that Ms R wasn't inert in relation to her insurance renewals.

I note Mrs G says insurers should inform customers they can get a cheaper policy elsewhere. I can see Aviva did, in their renewal quotes, remind Ms R that she could shop around to see if she could get a better price. As there had been at least four renewals, then section 6.5 of the Insurance Conduct of Business Sourcebook ("ICOBS") requires a business to provide specific wording about the benefits of shopping around. So, as well as treating Ms R fairly, I think they've also acted in line with requirements set out under ICOBS.

I wish to reassure Mrs G I've read and considered everything she 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 the estate of Ms R to accept or reject my decision before 15 September 2023.

Paviter Dhaddy  
**Ombudsman**