

The complaint

Mr E complains about Aviva Insurance Limited increasing the premium on his home insurance when he renewed the policy.

What happened

Mr E has a buildings and contents insurance policy for his home, which is underwritten by Aviva. The policy was due for renewal on 1 June 2023. He was sent renewal documents in April quoting a premium of £413.95.

Mr E had made a claim on his policy. Aviva noted this on the policy and wrote to Mr E in May 2023 saying this would need to be included at renewal. This increased the premium to £789.29, which was considerably higher than the premium of £413.95 which he'd been told in April would be the cost if he renewed his policy.

When Mr E complained about the increase Aviva said:

- the higher premium was calculated correctly as it now included the flooding incident;
- but the correct process hadn't been followed as a second renewal price shouldn't have been sent;
- so it would honour the original price for this year, but would recalculate the premium next year.

Mr E remained unhappy and referred the complaint to this Service but our investigator didn't think it should be upheld. She said Aviva had accepted not following the correct process and agreed to stick to the original price, so Mr E hadn't suffered any loss.

As Mr E remains unhappy, the case has been passed to me to determine.

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.

Insurers will decide what risks they want to cover and how much to charge for that. It's up to each insurer how much they increase their premiums by and it's common for increases to vary from year to year. I don't have the power to tell Aviva how much it should charge Mr E for his policy – if I did that, I would in effect be telling a business how it should operate and that's not my role. But I can consider whether Aviva has treated its customers – in this case, Mr E – fairly.

I appreciate it would have been a shock for Mr E to see the premium increase so much. But he's confirmed that part of his property has flooded previously. So Aviva was entitled to include this information when pricing his policy. And if this information had been included before the first renewal invite was issued it would have been reasonable to take it into account when calculating the premium.

However, Aviva has agreed it didn't follow the usual internal processes correctly and, as

Mr E had already been given a renewal price, it wouldn't change this. So it reversed the increase in premium, taking it back to the initial offer.

This means Mr E hasn't been impacted by what happened – he's still paying the same amount he would have been paying in the first place.

As Aviva acted on Mr E's concerns and amended the premium I think it's done enough to resolve the complaint and it wouldn't be fair to ask it to do anything further.

My final decision

I don't uphold the complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 15 December 2023.

Peter Whiteley
Ombudsman