

The complaint

Mr E and Mrs E complain about the price charged by AXA Insurance UK Plc (“AXA”) over several years to renew their buildings insurance policy.

Mr E has acted as the main representative during the claim and complaint process. So, for ease of reference, I will refer to any actions taken, or comments made, by either Mr E or Mrs E as “Mr E” throughout the decision.

What happened

Mr E says he made a subsidence claim on his policy in 2018 – and he has since noticed his premium increasing each year. He says, when he received his 2023 renewal, he noticed a significant increase – with a price quoted at £1,740.72. Mr E says his broker managed to agree a reduction down to £1,195.04, but he feels the price was still too high, so he complained.

AXA responded and explained there’s a range of factors which affect the price of a policy. They explained they use index linking to keep pace with the impact of inflation on the cost of building materials and labour. They said, following the notification of the claim for subsidence in 2018, the 2019 premium increased. They said, in 2020, due to index linking, rate increases and a change in the amount of commission the broker receives, this resulted in an increase of the premium. They said, in 2022, the policy renewed, but later that year they communicated to the broker that they’re no longer able to accept blocks of flats through their online Landlords product. So they offered an alternative quote through their Property Protection Plan which is a different contract which isn’t available online and offers a different level of cover to the previous product taken out by Mr E.

Our investigator looked into things for Mr E and Mrs E. He thought AXA hadn’t acted unfairly in relation to the pricing. Mr E and Mrs E 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 Mr E and Mrs E 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 Mr E has paid from 2018.

Year	2018	2019	2020	2021	2022	2023
Premium	£342.54	£583.36	£785.67	£716.65	£823.19	£1,195.04

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.

I do understand why Mr E became concerned when receiving a quote for his 2023 renewal. Initially, the price was more than double what he'd paid the previous year – and it remained higher even after the price was reduced by AXA. And it's significantly higher than what Mr E paid in 2018 – which was the year he made a claim for subsidence. AXA have provided me with confidential business sensitive information to explain how Mr E's premiums were calculated. I'm afraid I can't share this with him because it's commercially sensitive, but I've checked it carefully. And, I'm satisfied the premiums he has been quoted have been calculated correctly and fairly and I've seen no evidence that other AXA customers in Mr E's position will have been charged a lower premium.

AXA have provided a breakdown of all premiums charged from 2018. I've carefully reviewed all breakdowns which includes details of the factors which have caused the price increases. As mentioned above, I can't share this with Mr E as it's business sensitive information. But, I can see in the policy years following 2018, the price was affected by a range of factors. This includes, but is not limited to, the subsidence claim, general rate increases, claims inflation – which is affected by rising costs of building materials and labour, and also commission rates charged by the broker. So, I can't say AXA have made a mistake when calculating a price, or that they treated Mr E unfairly.

I can see, following the complaint response, Mr E replied to question how AXA can justify such a significant price increase. He feels the numbers don't add up even when taking into account the rates of inflation. I think it's important to mention here, it's for a business to decide what risks they're prepared to cover and how much weight to attach to those risks - different insurers will apply different factors. That's not to say an insurer offering a higher premium has made an error compared to an insurer offering a cheaper premium – but rather, it reflects the different approach they've decided to take to risk.

I can see it was the 2023 renewal price which prompted Mr E to complain. AXA say, after Mr E's 2022 renewal, they decided to stop underwriting this policy as an online product so renewal terms couldn't be offered for this same product in 2023. AXA say, recognising the subsidence claim might lead to Mr E experiencing difficulty in finding cover with another insurer, they offered terms on an alternative product. They say this product offers wider cover and is subject to a different rating structure than Mr E's previous policy. AXA, like all insurers, will review their approach to risks at different points and this will result in changes to the premium. They have explained this was a change across all their policies as they changed their approach. So in short, they have treated all customers the same with the change and Mr E hasn't been treated differently or unfairly when they chose to change their approach.

Given the price increases to Mr E's policy over the last few years, I do acknowledge why he has complained. But I've carefully checked the information provided by AXA, and I can't say they've made a mistake in calculating Mr E's premiums or otherwise treated Mr E unfairly. I wish to reassure Mr E I've read and considered everything he 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 Mr E and Mrs E to accept or reject my decision before 22 September 2023.

Paviter Dhaddy
Ombudsman