

## **The complaint**

Mr G complains that Aviva Insurance Limited (“Aviva”) offered him renewal terms for his contents insurance policy, but as well as the price increasing, they also increased his excess.

## **What happened**

Mr G received his renewal for 2023 which showed his price had increased as well as his excess. Mr G says he understands how an increase in risk is linked to an increase in premium, but he feels it’s unfair Aviva also increased his excess to £500. So, Mr G complained about this as he felt Aviva were charging him twice for the same increase in risk.

Aviva responded and explained, when they offer a renewal, they’ll review the information they hold to determine what the terms will be. They said, as Mr G had two claims of a similar nature in the previous year, they were willing to offer a renewal, but with a £500 excess for any accidental damage. They explained this is the minimum increased excess they’ll consider for multiple claims.

Our investigator looked into things for Mr G. He thought Aviva hadn’t acted unfairly in increasing Mr G’s excess. Mr 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 Mr G will be disappointed by this but I’ll explain why I have made this decision.

Mr G says Aviva claim the increase in his premium and excess is down to his claims history. Mr G explains, prior to this, he had seven years of no claims, and this did lead to a reduction in premium, so he acknowledges the link between claims history and premiums. He says the increase in the premium is reasonable, but he questions why this same principle doesn’t apply to the excess – and why a claim free period doesn’t lead to a reduction in the excess. Mr G believes Aviva are unfairly applying a principle which only benefits them – he says any increased risk is addressed by the increase in premium, so he feels it’s unfair for Aviva to benefit financially again by also increasing the excess.

I’ve looked at Mr G’s policy information, and this shows two similar types of claim were made in 2022. I can see, at the point of renewal, Aviva sent Mr G a letter to explain they’ll be offering him a renewal but, due to the number of claims made in the previous three years, the cover was subject to a condition. It noted the condition as ‘Excess (Specified Causes) – contents’ and said, *“The excess under the CONTENTS SECTION is increased to £500.00 in respect of loss or damage caused by Accidental loss/Damage in and away from Home.”*

Aviva have provided me with confidential business sensitive information to explain why this condition would apply to Mr G's renewal. 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 Mr G's circumstances fit within the underwriting criteria provided by Aviva – so I can't say Aviva have acted unreasonably and I've seen no evidence Mr G has been treated differently to other Aviva customers in his position.

Mr G may feel this is unfair, but 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 and excess has made an error compared to an insurer offering a cheaper premium and lower excess – but rather, it reflects the different approach they've decided to take to risk.

I can see Mr G paid a premium of £341.12 in 2022 but was then quoted a price of £453.86 in 2023 – this is around 33% more than what he paid the year before. Mr G accepts the price of a policy will be impacted by claims history, but he's concerned that Aviva are charging for the increased risk twice by also increasing his excess. I do acknowledge Mr G's point, but I don't agree this amounts to double-charging. I accept the same factor – in this case, claims history – has been taken into account when deciding on the price and excess. But, in the case of the price, this has been affected by the rating factors and loadings applied as a result of the claims and other factors, and the impact on any No Claims Discount. The price reflects the risk presented to Aviva of insuring Mr G's contents for another year. In the case of the excess, an increase relates to any future claims and is generally applied by an insurer as a way of protecting their exposure and reducing the amount they'll have to pay out should a claim be made. I will add, it's not unusual or uncommon for an insurer to adopt this approach in circumstances where a customer fits within the scope of their underwriting criteria for claims made.

Mr G has referred to legislation which he says supports his view that Aviva have acted unfairly. He refers to sections of The Unfair Terms in Consumer Contracts Regulations 1999, which say a contractual term which hasn't been individually negotiated shall be regarded as unfair if it causes a significant imbalance in the parties' rights, to the detriment of the consumer. And, a term will always be regarded as not being individually negotiated where it has been drafted in advance and a consumer hasn't been able to influence the substance of the term. I wish to reassure Mr G that I've taken into account any relevant law, but ultimately I've decided this complaint on what's fair and reasonable. I think it's important to mention here, the increase in excess has been driven by Aviva's underwriting criteria – and these terms set out an insurer's risk appetite. So, it's not unfair for an insurer to apply any of these terms without any negotiation with a consumer.

Mr G says if the underwriting criteria is linked to the excess, then the absence of claims must, in order to make the terms legally enforceable, lead to a reduction in the excess in the same way the excess is increased when claims are made. I do understand Mr G's point, but as mentioned above, it's for an insurer to decide what risks they're prepared to take, and part of this assessment involves the excess. It's for an insurer to decide how claims history affects their view of risk – and how this impacts the premium and excess. I acknowledge Mr G says he received a price reduction to his premium during periods where he made no claims, but that doesn't mean Aviva have acted unfairly if a reduction hasn't been applied to the excess during periods where he made no claims.

I note Mr G believes the increases imposed by Aviva in this case isn't attributable to an increased risk, but in retaliation for Mr G being successful in a court action against Aviva in relation to the settlement being offered for one of his previous claims. I acknowledge Mr G's point here, but I'm not persuaded Aviva have acted unfairly here. I've seen evidence which

shows the increase in excess was triggered by Aviva's underwriting criteria – something which would apply to all customers in Mr G's position.

I understand why Mr G has complained, and I hope he feels reassured that I've carefully considered the information from Aviva. But I can't say they've made a mistake or treated Mr G unfairly. I wish to reassure Mr G 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 G to accept or reject my decision before 1 November 2023.

Paviter Dhaddy  
**Ombudsman**