

The complaint

Mr G complains about Admiral Insurance (Gibraltar) Limited (“Admiral”) taking into account a non-fault claim when calculating a price for his car insurance policy.

What happened

Mr G was involved in a non-fault accident following which he made enquiries with Admiral to establish how this would impact his future premium. Mr G was given a quote which was higher than what he was paying for the current year, and Mr G says this was down to a non-fault claim being recorded against his policy. Mr G complained as he felt it was unfair the price of his insurance should increase despite a third party being responsible for the accident.

Admiral responded and explained they understand Mr G is concerned his future premiums will be affected due to a claim being logged regardless of how it has been settled. Admiral explained their claims statistics show customers involved in a non-fault incident, or an incident where no claim is made, are more likely to make a fault claim – so they take this into account when calculating premiums.

Our investigator looked into things for Mr G. She thought Admiral hadn’t treated Mr G unfairly in relation to the pricing. 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.

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 can see Mr G paid a premium of £1,133.90 for his policy in September 2023. Following the accident in November, Mr G wanted to enquire how his renewal price would be affected by this accident. So Mr G contacted Admiral and they provided a new business quote of £1,520.77 – which was £386.87 more than what he’d paid for the current year. Mr G says this level of increase over three years would mean he ends up paying over £1,000 more for car insurance for an accident which wasn’t his fault. So I understand why Mr G is concerned about the price increase.

Admiral have provided me with confidential business sensitive information to explain how Mr G's new business quote was 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 price he has been quoted has been calculated correctly and fairly and I've seen no evidence that other Admiral customers in Mr G's position will have been quoted a lower premium.

Admiral say Mr G's renewal isn't due until September 2024, so they can't say how, and to what extent, his premium will be impacted by the accident. I can see though that Mr G is particularly concerned about the non-fault accident and how this has impacted the new business quote he obtained. The information provided by Admiral shows the factors they took into account when rating Mr G's current policy as well as the new business quote. This shows they took into account a range of rating factors – and this includes the non-fault claim. I can see how this has been factored into the ratings and I've seen a breakdown of the specific ratings which have been affected and how the loadings have been applied. Taking this into account, I can't say Admiral have made an error in their calculation or treated Mr G unfairly.

Mr G may feel this is unfair, and I acknowledge he was involved in an accident which Admiral have treated as non-fault. 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 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. This also applies to rating factors, and if an insurer decides to apply a rating factor to a non-fault claim or a notification only incident, it doesn't mean they've acted unfairly. The information shows Admiral, when calculating the new business quote, rated Mr G's policy in line with their pricing model, so I can't say they've treated Mr G unfairly or differently to any other customer in the same circumstances.

I can see Mr G says the repairs to his car cost just under £1,000 yet he could potentially pay more than this in the form of a price increase to his policy over three years. I do acknowledge Mr G's concern here, but I think it's important to add, while the new business quote might well be a general indicator of how the accident might affect his price for cover, it's not his actual renewal price. Insurers regularly refresh their rating strategy so there might well be changes to Admiral's rating factors and pricing model at the time Mr G's renewal is due. But, even if Admiral continue to apply a rating factor to a non-fault accident, I can't say they've acted unfairly if this forms part of their pricing model at the time.

Mr G has raised a number of other complaints, but I can't see these have been raised with Admiral. So while my decision only addresses the pricing complaint raised by Mr G and addressed by Admiral in their complaint response, Mr G will need to raise any additional complaints with Admiral in the first instance before our service is able to look into these.

I understand why Mr G has complained, and I hope he feels reassured that I've checked the pricing information from Admiral. 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 25 April 2024.

Paviter Dhaddy
Ombudsman