

The complaint

Mr G says after he made a claim on his motor insurance policy with Admiral Insurance (Gibraltar) Limited, his premium rose excessively.

What happened

The catalytic converter was stolen from Mr G's car. He told us that Admiral covered the claim, but that at renewal the premium on his car (after some downward negotiation on the price) still rose by 93%. Mr G was a named driver on his wife's car, and Mrs G's premium rose by 68%. In response to his complaint, Admiral said the claim Mr G had made was a factor when the renewal premiums were calculated - and that its statistics showed Mr G was likely to make a future claim, so the risk to Admiral had increased.

Mr G didn't think the claim should have increased the premium by so much, so he contacted us, and one of our investigators reviewed his complaint. After Admiral provided confidential pricing information to us, the investigator concluded that it had acted reasonably in raising the premium as it had done. She noted that - in addition to the claim - Admiral had also taken into account inflation and tough market conditions. She said numerous other factors were also applied to the calculations, such as the age of a driver and their postcode risks.

Mr G didn't accept that the explanation provided was reasonable. He referred to his numerous years of driving experience, plus the lack of claims made by him and by Mrs G previously. As there was no agreement, the complaint was passed to me for review.

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.

As I thought some of the information provided to the investigator by Admiral wasn't quite clear enough, we asked it for clarification, which it provided.

Unfortunately, we're unable to set out the precise details provided by any insurer about its pricing structure, as that information is commercially sensitive. Insurers only supply it to us on the basis that we don't share it with consumers. We check that there wasn't a noticeable factual error, and that the consumer seems to have been treated fairly, based on the insurer's approach to similar consumers and situations.

I can see why Mr G thought the increase in premium was excessive, and why he challenged it. It was always possible that Admiral might have made a mistake. But having looked closely at all the information it has provided, I don't think there's anything to show that it did. I think it dealt with Mr G in the same way it would have dealt with any other consumer in similar circumstances to him, based on its pricing structure and the application of it to the premium. And although Mr G thinks Mrs G shouldn't have been affected by his claim, it's standard

practice that if a consumer makes a claim, and is the named driver of another car, the premium for that car will rise too, as the risk on it has also risen.

Admiral has shown that numerous factors were taken into account when it calculated the renewal premium. Mr G knows that the claim he made, plus challenging market conditions, were key factors in the increase. But it's clear that a combination of other factors had changed from the previous year. Some were personal to Mr G, whilst others related to more general matters. The combination of all the changes constituted what Admiral considered to be a significant increase in the risk it was being asked to cover.

We can't interfere in the right of an insurer to decide what it regards as high risk, but consumers don't have to agree to what they think is an unreasonable increase in premium. All insurers are affected by adverse market conditions, and I think many would have taken into account the other factors Admiral applied to the premium. But insurers apply different ratings to various risks, so it's still possible that another insurer may have quoted less than Admiral did, for similar cover. Mr G says he didn't look elsewhere, as he awaited the outcome of his complaint - and that he'd managed to negotiate a considerable reduction in the premium anyway. I understand his reasoning, but he may have missed the chance to reduce his premium further.

I appreciate why Mr G feels aggrieved and upset by what happened at renewal, particularly given his long and exemplary driving record. But I haven't seen anything to indicate that Admiral misapplied its pricing criteria or acted unreasonably in any other way. I know Mr G will be disappointed, but I don't think there's a basis on which I can uphold his complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 17 January 2024.

Susan Ewins
Ombudsman