

The complaint

Mr M complains about Fish Administration Limited trading as Fish Insurance (“FAL”) and the increase in their administration fee attached to his motor insurance policy.

What happened

The claim and complaint circumstances are well known to both parties, so I don’t intend to list them chronologically in detail. But to summarise, Mr M held a motor insurance policy for several years that was arranged by FAL in their role as an insurance intermediary. FAL issued Mr M with his renewal documents in June 2023, with renewal due around three weeks later. But Mr M was unhappy that the administration fee FAL were charging had increased from the previous years to £75. So, he raised a complaint about this explaining why he felt the increase was unfair, and discriminatory. Around the same time, Mr M agreed to renew his policy.

FAL responded to the complaint and didn’t uphold it. They thought their increase of the administration fee was fair, considering market research they conducted and the work they needed to complete to administer the policy, considering the policy was designed to cover modified and wheelchair accessible vehicles. So, they didn’t think they had done anything wrong, nor did they think they needed to do anything more. Mr M remained unhappy with this response, so he referred his complaint to us.

Our investigator looked into the complaint and didn’t uphold it. They didn’t think they could say the administration fee FAL charged was unfair, based on the additional costs FAL had evidenced to provide the policy, and market research. And they didn’t think they could say Mr M was discriminated against, as they were satisfied FAL treated Mr M the same as they would’ve done to any other customer in a similar situation, with the same policy due for renewal. So, they didn’t think FAL needed to do anything more.

Mr M didn’t agree, providing several comments explaining why. This included, and is not limited to, his view that our investigators outcome failed to take into consideration what he felt was a 375% increase in the administration fee over the previous six years. Nor did Mr M agree that the administration fee was proportionate to the work FAL carried out to administer the policy. Our investigator considered Mr M’s comments, but their outcome remained unchanged. Mr M continued to disagree and so, the complaint has been passed 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’m not upholding the complaint for broadly the same reasons as the investigator. I’ve focused my comments on what I think is relevant. If I haven’t commented on any specific point, it’s because I don’t believe it’s affected what I think is the right

outcome.

First, I want to recognise the impact this complaint has had on Mr M. I recognise Mr M requires a modified vehicle that allows for wheelchair access, and that this reduces the number of policies available to him on the open market. So, I can understand why Mr M feels it's unfair for FAL to increase their administration fee, especially when I consider the extent to which the fee has increased since Mr M first took out a policy through them. And as Mr M feels this administration fee is significantly higher than a similar fee on a policy for a vehicle without modifications, I can understand why he feels discriminated against and wishes for this fee to be reduced to ensure this isn't the case.

But for me to say FAL should do something more, such as compensate Mr M, I first need to be satisfied they've done something wrong. So, I'd need to be satisfied there is no reasonable justification for the increase in the administration fee. Or, if I don't think that's the case, I'd need to be satisfied that FAL have treated Mr M differently to another customer in a similar situation, with a similar policy, when increasing the fee. And in this situation, I don't think that's the case.

Before I explain why I've reached this decision, I think it would be useful for me to set out the role of our service, and what I've been able to consider.

It is not my role, or the role of our service, to determine whether a business such as FAL has acted unlawfully, as we are an alternative to the courts and so, we don't make legal determinations. So, I'm unable to decide on whether Mr M has legally been discriminated against or whether there has been a breach of the Equality Act 2010. Instead, it is my role to consider whether FAL have acted fairly and reasonably towards Mr M and when doing so, I have thought about relevant legal legislation when reaching my own conclusions.

And I also want to make it clear that it's not the role of our service to comment on, or direct a business to change, decisions they make under their own commercial decision-making processes. This would instead fall under the remit of the industry regulator, the Financial Conduct Authority, who set the relevant rules and regulations financial businesses are required to work within.

So, my decision focuses solely on the increase in FAL's administration fee for Mr M's policy, rather than the wider issue of premium and charge increases across the industry.

First, I've thought about whether FAL gave Mr M enough time to consider the increase, so he could seek alternative insurance if he was unhappy with the cost. I can see FAL issued their renewal documents, detailing the renewal price that contained the administration fee, around three weeks before the renewal was due. And I've seen Mr M challenged this fee a few days later. So, I do think the increase in the administration charge was made reasonably clear to Mr M, within a reasonable time frame and I can't say that acted unfairly regarding this point.

I've then turned to the increase in the administration charge itself. And as I've set out above, it's not the role of our service to decide, or stipulate, what a reasonable administration charge should be. But I would expect FAL to be able to provide adequate reasoning and rationale to explain the increase, and why they felt it was fair.

I've seen FAL has provided our service with detailed reasoning, that is deemed commercially sensitive, explaining why they felt the administration charge increase was fair. This includes market research they conducted within the 12 months before Mr M's renewal, which showed

competitors in the market offering similar policies included an administration charge higher than the one included in FAL's policy.

Having considered FAL's reasoning, and this market research, I'm satisfied their costs to administer policies such as the one Mr M held were more, due to the differing processes they needed to follow to allow for effective administration of the policy considering the vehicle modifications. I appreciate Mr M would like more information regarding this, but as I've set out above this information is deemed commercially sensitive and so, isn't something I can disclose. But I want to reassure Mr M I've considered the reasoning at length, and it satisfies me that there are additional costs to FAL, due to bespoke processes they've put in place.

I've also seen information from market research FAL conducted before increasing their administration charge to its most recent level. And I can see from this that FAL's increase still falls below the charges included on competitor policies. So, I'm satisfied FAL took reasonable steps to ensure an increase was fair, and in line with market averages. And I think this shows FAL acted in good faith towards their customers, and Mr M, to ensure any increase was reasonable, and proportionate.

Finally, I've then thought about whether I think there is any evidence to show Mr M was discriminated against. When thinking about this, I've thought about whether Mr M was treated differently to another customer, in a similar situation. And having done so, I don't think I can say that's the case. As I've set out above, I think the administration charge included within the policy falls in line with charges applied by other insurers for similar policies that cover vehicles with modifications such as those Mr M's vehicle has. And I've seen nothing to show any other customer of FAL's, with the same policy, has been charged a different administration fee. So, I do think Mr M has been treated fairly and reasonably, as I'd expect. So, I don't think FAL need to do anything more on this occasion.

I appreciate this isn't the outcome Mr M was hoping for. And I understand why Mr M thinks it's unfair from the industry for policies such as his to be subject to higher administration charges. But as I've set out above, this isn't something our service can comment as any issues with overall industry approach would be an issue for the industry regulator to consider. Our services role is to consider Mr M's individual complaint on its own merits, considering his own individual circumstances. And having done so, I don't think FAL have acted unfairly on this occasion.

My final decision

For the reasons outlined above, I don't uphold Mr M's complaint about Fish Administration Limited trading as Fish Insurance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 14 May 2024.

Josh Haskey
Ombudsman