

## **The complaint**

Mr B complains Royal & Sun Alliance Insurance Limited applied an excessive increase to his motor insurance premium.

## **What happened**

Mr B insured his car (Car A) with RSA. For the policy year 2022/23 he was charged a premium of £283. This included some optional extras. During the policy year he bought a used car (Car B). It was a newer version of the same model as Car A. He wished to insure Car B on his RSA policy. So in November 2022 RSA removed Car A from his policy and replaced it with Car B. It charged an additional £40 to cover the remainder of the policy year. That was a pro-rata charge based on an annual premium of £388 for Car B.

In March 2022 RSA offered to renew the cover for Car B – for policy year 2023/24. It quoted a premium of £476. Mr B wasn't happy with the increase so contacted RSA. To lower the premium two optional extras were removed. This resulted in a total premium of around £400.

Mr B wasn't satisfied so complained. In May 2023 RSA responded. It didn't accept it had acted unfairly when increasing his premium. He wasn't satisfied so came to this service. Our Investigator didn't agree RSA had acted unreasonably when setting Mr B's renewal premium. Mr B didn't accept that, so the complaint was passed to me to decide.

## **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.

This service doesn't usually make judgements about the way an insurer chooses to assess risk, the risk assessment it makes or the premium it charges to cover a certain risk. But there are aspects of price that we will look into further, depending on what's relevant in the circumstances. These include discrimination, mistakes, misleading information and restricted choice.

I've considered everything Mr B and RSA have provided. Having done so, I've no reason to believe RSA provided misleading information about the renewal premium or made a mistake when setting it. Neither can I say Mr B faced a restricted choice. It seems he likely could find other providers if he wished but prefers to stay with RSA.

Finally I've considered if Mr B experienced discrimination. I've looked to see if he was treated differently to the way other consumers would have been in the same circumstances. Having done so, I'm satisfied he was most likely treated consistently with RSA's general approach to pricing.

Mr B says the renewal price was 68%. However, that isn't comparing like for like. That's the increase when considering the 2022/23 policy for Car A against the 2023/24 renewal for Car B. The correct comparison is to compare what he would have been charged for Car B for a full year in 2022/23 against what he was quoted for 2023/24 for Car B – that was £388

to £476. That's an increase of about 23%, not 68%. RSA reports that as being within the typical range of price increases.

RSA's explained the renewal premium was based on its latest view of the risk for the details provided – this included Car B. Whilst both cars are of the same make and model Car B was about seven years newer. RSA's explained why it considers that car to present a different risk to Car A – and so incurs a higher premium. I won't share the exact reasons as that information may be commercially sensitive. But its explanation seems reasonable – and I haven't seen anything to persuade me Mr B wasn't treated consistently with RSA's general approach to pricing.

Mr B's made various points about the wider cost of insurance, inflation rates and a Select Committee's interest in insurance premium increases. I'm not going to address those points individually. Firstly it's not for this service to involve itself in some of his wider points about price increases in general. Secondly, many of Mr B's points were made with reference to his 68% figure that I feel isn't reasonable to use. For example, he compared that figure to insurance industry reports of claim costs increasing by 30%.

### **My final decision**

For the reasons given above, I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 27 November 2023.

Daniel Martin  
**Ombudsman**