

The complaint

Mr W complains that Admiral Insurance (Gibraltar) Limited increased the premium for his motor insurance policy following two non-fault claims. He wants the increase removed.

What happened

Mr W's cars were damaged in an incident that wasn't his fault and he made claims on his policy. When Mr W's policy renewed, his premium had increased because of the claims. But Mr W thought this was unfair and he thought the No Claims Bonus (NCB) was marketed incorrectly.

Our Investigator didn't recommend that the complaint should be upheld. She thought Admiral was entitled to assess risks and charge what it wished to cover these. But she thought it should treat all consumers fairly. She saw from Admiral's pricing information that the premium at renewal had been correctly calculated. And she thought the policy information didn't say that protected NCB would protect the price of cover. And a non-fault claim may lead to a premium increase. So she thought Admiral hadn't acted unfairly or unreasonably.

Mr W replied that he thought he was being punished for something that wasn't his fault. He asked for an Ombudsman's review. So the complaint has come to me for a final 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.

I can understand that Mr W feels frustrated by the increase in his premium when he clearly wasn't at fault. He's told us about the incident when his cars were hit by an underage driver whilst Mr W was in bed. Mr W made a claim and so he had to pay his policy excesses and now he has to recover these from the Motor Insurance Board. I can understand that he feels this is an additional burden.

While some insurers will only rate on NCB disallowed or "fault" claims, others will consider any claim – or even just a claim notification – as a "risk factor". This is because insurers say that drivers who have been involved in incidents, regardless of fault, are more likely to be involved in future claims.

I can understand that Mr W may find this to be illogical. But being involved in an incident could be linked to such things as his use of higher risk roads or junctions or driving at particular times.

It's not our role to tell an insurer how to price their policies or what factors they should consider when calculating a risk. However we need to make sure the insurer is applying a fair and consistent approach to all consumers.

Insurers regularly update how they rate the risk of consumers. And their rates continually change. Admiral has provided us with confidential business sensitive information to explain how Mr W's premiums were calculated. As our Investigator has explained, I can't share this with him, but I can assure him that we've checked it carefully.

I'm satisfied the renewal prices Mr W was quoted with the non-fault claims have been calculated correctly and all of Admiral's customers in his position will have been charged a similar premium.

Admiral's decision to rate on all claims, regardless of fault, is its commercial decision. This doesn't break any relevant regulations and it's in keeping with standard industry practice. And I can't see that Admiral has treated Mr W differently to any of its other customers. And so, as this isn't something that I would normally interfere with as it is a legitimate exercise of its commercial judgement, I don't require Admiral to refund any premium to Mr W.

Mr W thought the policy's information about his NCB protection was unclear. I can see that Admiral provided Mr W with information about his protected NCB:

"Protected No Claims Bonus does not protect the overall price of your insurance policy. The price of your insurance policy may increase following an accident even if you were not at fault."

I think this clearly explains the limits of NCB protection. And so I can't say that Admiral has done anything wrong in providing information about NCB protection.

My final decision

For the reasons given above, 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 W to accept or reject my decision before 8 September 2023.

Phillip Berechree
Ombudsman