

The complaint

Mr S complains about how much Admiral Insurance (Gibraltar) Limited ("Admiral") increased the price of his car insurance policy at renewal.

What happened

Mr S had a motor insurance policy with Admiral. The annual premium he paid in 2020-21 was £825.11.

At renewal in 2021 Admiral said it would cost him £1,395.96 for the year.

Mr S wasn't happy about the amount of this increase and he complained. Admiral said it had based its calculation of his premium on a range of factors, and it'd checked those and found they were correct.

Mr S remained unhappy and brought his complaint to this service. He asks that he's compensated for the change in price.

Our investigator looked into his complaint and thought it wouldn't be upheld. He said he'd checked Admiral's calculation and the amount it charged Mr S was correct.

Mr S didn't accept the view. He asked that his complaint was reviewed by an ombudsman, so it's has been passed to me to make 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.

I'm not upholding Mr S's complaint and I'll explain why.

Mr S has provided details of the events which took place leading up to and around the renewal of his policy in 2021. I can see that he had an incident in his car after which he replaced a damaged part at his own cost, as the cost was less than his excess. Admiral recorded this incident.

Then at renewal Mr S increased the amount of mileage he expected to cover over the year, from 7,000 to 12,000.

He'd also reached five years' No Claims Discount and chose to protect it. This had a cost of £90.72 which is included in the renewal figure of £1,395.96.

I mention these events because they all will have had a part to play in the price increase on Mr S's policy. Firstly, the protected NCD accounted for over £90. The mileage increase also made a small amount of the premium rise.

Admiral says in its final response that the loss suffered by Mr S is a major rating factor in its calculation as customers who have one loss generally go on to make a claim in the future.

So it's likely this had a large impact on his premium.

I think it's also fair I mention the general rate of inflation, and specific types of inflation encountered by insurance companies. 2021 was during a period of great uncertainty and the vehicle repair chain was suffering major shortages and sharply increasing prices. Those costs may well have been passed on to customers like Mr S. I can't see this has been commented on by Admiral but as I say I think it's fair I mention it here.

Admiral has supplied this service with its underwriting calculation. This is commercially sensitive and I'm not going to share it here, but I've looked carefully at how Admiral calculated Mr S's renewal premium and I can see that what he was charged was the amount Admiral should have charged him according to its pricing rules.

I know Mr S doesn't find this price increase fair, but he's free to choose his provider from across the marketplace and he may have been able to match or improve on Admiral's quotation.

Put simply, it's not in Admiral's interest to overcharge customers as it knows the car insurance marketplace is very competitive.

Taking all this into account, I don't think Admiral has acted unfairly towards Mr S, and I can't uphold this complaint.

My final decision

For the reasons set out 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 S to accept or reject my decision before 28 December 2023.

Richard Sowden
Ombudsman