

The complaint

Mr and Mrs H complain that UK Insurance Limited (UKI) were unable to advise the impact of a claim and a reduced no claims discount, would have on their home insurance policy at renewal.

What happened

Mr and Mrs H made a claim for the contents of their freezer following a breakdown of the appliance in January 2023. The claim was settled on 13 January 2023. Mr and Mrs H were advised that there may be an impact on the policy premium at renewal, and a reduced no claims discount (NCD).

Mr and Mrs H raised a complaint as they felt that UKI were unable to provide an estimate of the premium or impact of the NCD percentage, if they were to make a claim on their home Insurance policy. They said that this information was readily available on their motor insurance policy. They felt that this didn't allow them to make an informed choice, when considering submitting a claim on their home insurance policy.

In its final response, UKI said that it was unable to provide this information as there were many different ratings and factors that are taken into consideration, when it calculates the renewal premium. It also said that the NCD is a percentage of a base rate figure that changes, which would still not give a monetary or percentage amount that it was able to provide its customers. So, the complaint was not upheld.

As Mr and Mrs H had been given their referral rights, they referred a complaint to our service. One of our investigators considered the complaint and didn't think it should be upheld. He said insurers are entitled to decide how much to charge for their policies. It's up to them how much they increase their premiums by. And he was unable to tell them how it charged for its policies. Nor did he have the power to tell it how much discount to apply for NCDs. He concluded that it's not reasonable for him to ask UKI to do anything different.

UKI accepted the view, Mr and Mrs H did not. They said that the issue of the complaint was whether this was treating customers fairly, to make informed decisions when making claims, to understand the value of what they are getting, or even just comparing insurance premiums. So, they asked for a decision from an ombudsman.

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 won't uphold this complaint, for much the same reasons as our investigator. I understand that this might be a disappointment to Mr and Mrs H, but I hope my findings go some way in explaining why I've reached this decision.

I should say at the outset that our service is an alternative dispute resolution service, and we are tasked to look at complaints with the minimum of formality on an impartial basis. We don't have the remit to tell businesses how to operate, as this is for the regulator, the financial conduct authority (FCA). But we do consider complaints, what actually happened, whether the business made any errors and if errors were made, how the business resolved them.

Following a claim under their home insurance policy, Mr and Mrs H were advised that there may be an impact on their NCD and premium, at renewal. Mr and Mrs H wanted to have this information prior to the claim they were making. They said by UKI withholding this information, meant that consumers weren't being treated fairly, so they were able to make an informed decision, when making a claim or comparing insurance premiums. They also said that under their motor insurance policy, they were able to have this information months in advance.

UKI said that it was unable to provide this information, primarily because the renewal (which is produced around one month before the date of renewal) takes into consideration several factors. Such as, market conditions, ratings and whether or not any claims had been made, as well as overall claims costs. This allows for the most accurate calculations, as ratings factors change, as do market conditions. Which is why under home insurance policies, it's not possible to advise a customer months in advance.

Having reviewed the information from both parties, I can't see that UKI has done anything wrong here. It has given an explanation which is common practice with insurers. And our service is aware that percentages vary from year to year. And as the renewal information is generally provided around one month before the expiry of a customer's policy, I think this gives the customer an opportunity to consider the renewal. If for whatever reason, they find the policy no longer meets their needs, they are able to obtain cover elsewhere.

I understand from UKI that Mr and Mrs H were given the renewal information and accepted it. Also, I'm persuaded that, at the time of making their claim, UKI gave Mr and Mrs H as much information that it could, as ultimately, they made a successful claim.

Consequently, I can't agree that UKI did anything wrong here. I understand that this is likely to be a disappointment to Mr and Mrs H, but I won't be asking UKI to do anything further to resolve this complaint.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 21 December 2023.

Ayisha Savage
Ombudsman