

The complaint

Mr G complains about the price charged by Covea Insurance plc (“Covea”) to renew his car insurance policy. He’s also concerned about a claim recorded against his policy.

What happened

Mr G says he was involved in a minor accident – while reversing his car, he brushed against the third party’s car. Mr G says the third party decided not to pursue this at the time. Mr G says he then received a letter from Covea around nine months later to say the third party was claiming for damage caused to their car. Mr G says he spoke with Covea and they assured him he didn’t need to worry about this and the matter was closed. Mr G then received a renewal invite and noticed the price he’d been quoted was significantly higher than what he’d paid the previous year. Mr G complained about this and about being given an assurance that he didn’t need to worry about the claim. Covea responded and explained the incident had been treated as a fault claim and this had affected the price. Covea said they received notification of the claim, so they had to deal with this – and they found Mr G was at fault, so it had been recorded accurately.

Our investigator looked into things for Mr G. He thought Covea hadn’t treated Mr G unfairly in relation to his renewal price. Mr G disagreed so the matter has come 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’ve decided not to uphold the complaint. I understand Mr G will be disappointed by this but I’ll explain why I have made this decision.

Complaint about pricing

The role of this service when looking at complaints about insurance pricing isn’t to tell a business what they should charge or to determine a price for the insurance they offer. This is a commercial judgement and for them to decide. But we can look to see whether we agree a consumer has been treated fairly – so is there anything which demonstrates they’ve been treated differently or less favourably. If we think someone has been treated unfairly, we can set out what we think is right to address this unfairness.

I can see Mr G paid a premium of £472.15 in 2022 but then received a quote for £1,117.55 in 2023. This quote is significantly higher than what Mr G paid the previous year – so I understand why Mr G is concerned. Covea have provided me with confidential business sensitive information to explain how Mr G’s price increase was calculated. I’m afraid I can’t share this with him because it’s commercially sensitive, but I’ve checked it carefully. And, I’m satisfied the price he was quoted has been calculated correctly and fairly and I’ve seen no evidence that other Covea customers in Mr G’s position will have been charged a lower premium.

As I've said, I cannot share all the information Mr G would likely want to see to understand why his premium increased as it did at renewal. I can't provide specific detail about Covea's risk model, but I've seen the rating factors and loadings applied by Covea. This shows the claim did affect the price increase. I acknowledge Mr G feels this is unfair as the third party's car sustained no damage, and even if it did, it was no more than very minor scratches. But there's no dispute about there being an incident for which Mr G was at fault. It's for a business to decide what risks they're prepared to cover and how much weight to attach to those risks - different insurers will apply different factors. In this case, I can see the price charged by Covea has taken into account the claim. I acknowledge this has had the effect of increasing Mr G's premium considerably above the price he paid the previous year. But I can't say they've acted unfairly in applying any additional loading to any rating factors affected by the fault claim. So, I can't say Mr G has been treated differently or unfairly by Covea in taking this approach.

Complaint about the third party's claim

Mr G queries what evidence the third party have provided in relation to the claim and he says he hasn't seen any information of the costs paid out. At the time of the calls between Mr G and Covea, I can't see the third party had submitted any claim for repair costs – and Covea do explain this to Mr G. I think it's important here to make clear, the increase in premium hasn't been directly affected by any costs paid out, but by the fault claim now appearing against Mr G's policy. At the point the renewal was calculated, this open claim was recorded against Mr G's policy. So, even though no repair costs appear to have been paid out at that point, it wasn't unfair for the open claim to still be recorded.

I understand Mr G is concerned the third party left it nine months before making a claim. Mr G says the third party clearly didn't want to make a claim at the time of the incident and they acknowledged there hadn't been any damage so they shouldn't be allowed to change their mind. I do acknowledge Mr G's frustration, but I can't say Covea have acted unreasonably in dealing with the claim. During calls with Mr G, Covea explain they have a legal obligation to deal with the claim, particularly as they were then made aware by Mr G that an incident did occur.

I understand Mr G feels Covea should've queried with the third party why they decided to leave it nine months to make a claim. Looking at the information provided, it appears the third party first notified Covea of the claim around a month after the incident. It appears Covea didn't receive this letter and they then respond, and notify Mr G, when the third party's insurer chases for a response in April the following year. So, it doesn't appear the third party delayed in providing notification of the claim – instead it appears the original notification wasn't received. I acknowledge the third party's insurer then didn't chase until eight months later, but I can't say Covea are responsible for any delay here. And I can see Covea did then take action once they received the further communication.

Complaint about the phone call with Covea

Mr G says, during a call with Covea in April 2023, he was informed he didn't need to worry about the claim, and he didn't need to do anything as the claim would be closed. I've listened to this call, but I can't say the call handler suggested the claim would be closed. Covea sent a letter to Mr G explaining they'd received notification of a claim from a third party. Mr G then calls Covea and explains he doesn't understand what incident is referred to in the letter. The call handler queries whether Mr G is aware of any incident that might've occurred. Mr G then

describes an incident which occurred while he was reversing his car, but he says the third party decided not to take any action. The call handler then explains the third party had described the incident in the same way Mr G had. The call handler says, "*This will be recorded as a fault claim...*" and there's nothing Mr G needs to do, and he doesn't need to pay anything.

The call handler also explains that when it comes to Mr G's renewal, there will be a claim showing on his policy. Mr G asks what he needs to do now, and the call handler explains he doesn't need to do anything unless he wants his car repaired. Mr G explains there's only a little paint off his bumper, so he won't be claiming. He then asks, "*Is that the end of it then?*" and the call handler says, "*In terms of anything you need to do, yes, you don't need to do anything else. All we do now is we will deal with the other party's claim...*" The call handler again reassures Mr G he doesn't need to worry about anything and Covea will be dealing with the third party's claim. I acknowledge the call handler reassures Mr G a number of times that he doesn't need to worry, but I believe this was more in the context that he won't need to take any further action as Covea will handle the claim. I can't say Covea suggested at any point during the call that they wouldn't deal with the claim and would take steps to close it.

I wish to reassure Mr G I've read and considered everything he has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

My final decision

For the reasons I have given, it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 16 October 2023.

Paviter Dhaddy
Ombudsman