

The complaint

Mr D complains about Saga Services Limited and the services they provided during his renewal process, which he feels led to an unreasonable increase in his renewal premium.

What happened

In November 2021, Mr D took out a motor insurance policy, sold and administered by Saga and underwritten by a separate insurer, who I'll refer to as "A".

In September 2022, Mr D notified Saga of an accident he'd been involved in. But Mr D has explained this was always intended to be notification only, as he'd been hit in the rear by a third-party and he didn't intend to claim for any damage.

On 23 October, Saga sent Mr D his renewal invitation, which included his renewal premium. But this premium was a significant increase from the previous year, as the claim he had notified them of had been factored into the renewal price. Two further renewal reminders were sent to Mr D on 5 and 11 November.

On 13 November, Mr D emailed Saga to raise a complaint about the premium increase. He didn't think it was fair for a claim to be recorded against him, when he'd only made them aware on a notification basis. So, he asked for Sage to recalculate his premium without a claim being recorded and provide him with an apology for the upset he'd been caused.

Saga called Mr D two days later, on the day of his renewal. And they explained they had spoken to the underwriter of the policy, who had amended the way the claim was reported and reduced the premium to less than the previous year. But Mr D explained he'd since taken out another policy with another insurer. So, Saga explained their complaint response would contain confirmation of the way the claim was recorded, and its impact on Mr D's no claims discount, that Mr D could provide to his new insurer so they could recalculate any increase that may have been applied on his premium. But Mr D remained unhappy with this.

So, Saga proceeded to issue their complaint response. And they explained they didn't uphold the complaint, as they thought the way they had initially recorded Mr D's notification was correct and that they had taken reasonable steps to ensure Mr D's renewal premium was fair, once his concerns had been raised. Mr D remained unhappy with this response, so he referred his complaint to us.

Our investigator looked into the complaint and didn't uphold it. They recognised the inconvenience the situation caused Mr D. But they didn't think this was caused by anything Saga did wrong. They were satisfied Saga had recorded the claim initially as they would expect, and they felt Saga had acted promptly and fairly by ensuring Mr D received a recalculated premium within the renewal period. While they noted Mr D had obtained insurance elsewhere by then, they didn't think this was the responsibility of Saga and so, they didn't think Saga needed to do anything more.

Mr D didn't agree, and he provided several reasons explaining why. This included, and is not limited to, him disputing a recalculated premium was offered. And after listening the call

recording our service held, Mr D explained the premium offered at that point was irrelevant as he'd already purchased alternative insurance. And he didn't think it was reasonable for Saga to expect him to complete the administrative work needed to recalculate the premium he'd paid with his new insurer. So, he thought Saga should pay the difference.

Our investigator considered Mr D's comments, but their outcome remained unchanged. Mr D continued to disagree and so, the complaint has been passed 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'm not upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

First, I want to recognise the impact this complaint has had on Mr D. I don't doubt Mr D made Saga aware of the incident in September with the intention of it being for notification purposes only. So, when he realised this notification had resulted in a significant increase on his renewal premium, I can understand why he'd be both shocked, and upset. And because of this, I can understand why Mr D feels unfairly treated and expects Saga to take the relevant steps to put the situation he finds himself in correct.

But for me to say Saga should do something more, such as compensate him the additional amount he's paid to another insurer, I first need to be satisfied they've done something wrong. So, I'd need to be satisfied the way they processed his notification was incorrect considering their role and what they are responsible for. Or, if I don't think it was incorrect, I'd need to be satisfied they acted unfairly in some other way. And in this situation, I don't think that's the case.

Before I explain why I've reached my decision, I think it's important for me to explain what Saga were responsible and so, what I've been able to consider as part of this complaint. In this situation, Saga were the broker and administer of Mr D's policy. So, they were responsible for the policy sale, and the administration of any changes or updates on the policy itself. But crucially, they were not the underwriter. So, Saga were not responsible for determining the renewal premium, nor were they the business who were able to agree to a reduction. This was the responsibility of A. So, this decision won't focus on the pricing of the policy itself. Instead, it will consider the administration of the policy, to ensure it was administered in a way that ensured A had the correct information within a reasonable time to ensure any premiums were fair.

In this situation, I can see Saga did make A aware that Mr D had notified them of an incident in September 2023. And this is what I'd expect them to do in their role as the policy administrator, as any notification may alter the risk of the policy. I've seen that A have confirmed it was then their responsibility to contact Mr D in their role as the underwriter, to understand the claim circumstances before reporting it as closed.

It's not in dispute that at the time Mr D received his renewal invitation in October 2022, the claim remained open. And this was made clear in the renewal documentation. As Saga weren't the underwriter, they weren't the ones responsible for deciding on how the claim was reported, or the impact this had on the premium at that time. So, I can't say Saga acted unfairly at this point.

I also note that Mr D had from 23 October to dispute the renewal premium. But he only did so on 13 November, two days before the policy was due to renew. So, I think this left Saga with a very short period of time to consider his concerns, and to try and ensure his renewal premium was one Mr D felt was fair.

I can see that within two days, Saga were able to confirm with A that the claim was closed as notification only, with Mr D's no claims discount not being affected. And, that they were able to communicate this, and the reduced premium price, to Mr D on the day of the renewal. So, within the renewal period. I think this shows Saga acting fairly, and in Mr D's best interests.

I also think this shows that, had Mr D contacted Saga sooner, they would most likely have ensured his premium was recalculated by in advance of his renewal date. And I think is something I must take into account as part of my decision.

But by the time Saga did communicate the reduced premium, Mr D had taken out alternative insurance. While I understand why he did this, I do think this was his own decision to make. And, as insurance policies are required to contain a 14-day cooling off period, I think Mr D was still able to renew with Saga and cancel the alternative policy he'd taken out, should he have wished to do so. But I can't see Mr D did.

And on the call between Mr D and Saga, I've heard Saga explain Mr D could use the documentation they had sent, including their final response letter, to confirm to his alternative insurer that the claim had been recorded as notification only, with his no claims discount not being affected, to ensure his premium wasn't adversely affected. And I think this information was both correct and fair.

While I appreciate Mr D doesn't think he should've been expected to do this, I wouldn't expect Saga to contact his new insurer on his behalf. This is because Mr D was the new insurers customer, not Saga. And, even if I did think they should do this, I note Mr D didn't provide any information about this insurer on the call before he terminated the call. So, I don't think Saga had any way of doing so.

So, while I don't dispute Mr D has been caused some inconvenience through this process, leading to him taking alternative insurance elsewhere, I don't think this inconvenience has been caused by an error Saga has made, or any claim process they are responsible for. And because of this, I don't think they need to do anything more on this occasion.

My final decision

For the reasons outlined above, I don't uphold Mr D's complaint about Saga Services Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 15 December 2023.

Josh Haskey
Ombudsman