

## **The complaint**

Mrs B complains about the price quoted by Advantage Insurance Company Limited (“Advantage”) to renew her motor insurance policy.

## **What happened**

Mrs B received a quote to renew her policy which she says was significantly higher than what she’d paid the previous year. Mrs B queried this, and she says Advantage responded and said there was an open claim showing on her policy, so this may be the reason for the price increase. Mrs B felt this was unfair so she decided not to renew and complained to Advantage because they wouldn’t provide her with any more detail about the price increase.

Advantage responded and explained the claim on Mrs B’s policy remains open while they’re awaiting further information. Advantage explained, on this basis, they’ve recorded the claim as open and fault, but they will update their records once they’re able to recover their outlay. Advantage said they, like all insurers, are facing a rise in claims costs and this is leading to an increase in the price of a policy.

Our investigator looked into things for Mrs B. She upheld the complaint as she felt Advantage hadn’t provided our service with sufficient information to show no error had been made when calculating Mrs B’s renewal – so she recommended they pay Mrs B £100. Advantage 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 to uphold the complaint. And, I think the investigator’s recommendation is a fair way to resolve matters.

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 Mrs B’s renewal price for 2022 was £559.08 but she was then quoted a price of £1,561.65 in 2023. So, I understand why Mrs B is concerned about the price increase. The renewal invite does say a claim was made on Mrs B’s policy during the last year so Advantage say this may have affected the renewal price. I understand Mrs B is concerned this claim is showing on the policy, but I’ve seen information which shows a claim was made. The information also shows Advantage hadn’t recovered their outlay at the point they responded to the complaint. So, this means it’s still showing as an open claim – so I can’t

say it's unreasonable for Advantage to take this claim into account when pricing Mrs B's policy.

When our service looks at complaints about pricing, we'll ask for information from a business to demonstrate why and how a price has increased. What information is considered reasonable will depend on a case by case basis, but insurers generally will provide confidential business sensitive information to explain how a customer's price has been calculated. This might involve evidence of rating factors and loading tables to show, more specifically, which loadings have increased to justify the price increase. Generally, and particularly in cases where the price has increased significantly, it's this level of detail that allows our service to check the information and provide a customer with reassurance that there hasn't been a mistake in the calculation and that they've been treated fairly and no different to any other customer in the same circumstances.

Advantage have described how their rating strategy now works – they say all ratings are built into the system and are produced electronically. They say, in this case, the renewal was calculated by the system with no manual intervention. They also say the premium is recalculated based on their current models – and these can change considerably over a 12-month period. They say the claims Mrs B had would've impacted the risk calculation, both individually and as a combination. Advantage say their rates are tested thoroughly prior to going live and, when calculating Mrs B's renewal price, there were no reported issues. They say based on this they're confident the price is fair and correct.

I can see Advantage have provided a screenshot showing a claim on Mrs B's policy and I can see they say this has had an impact on the price. I acknowledge this, and I would also add that it's not unusual or uncommon for this factor to impact the price. But I haven't been provided with any information or explanation for how this impacted the price and to what extent. And I'm not persuaded this demonstrates the price for the 2023 policy was calculated fairly. I say this because this doesn't provide sufficient information or an explanation for how claim specific rating factors – or any rating factors - have affected the price.

I have carefully considered Advantage's points about how their system works and the information provided. But, in the circumstances of this case, I'm not persuaded there's sufficient evidence to satisfy me the increase is fair.

I do wish to make it clear I'm not saying there has been an error in the pricing calculation. Instead, the reason I'm upholding Mrs B's complaint is, given the significant increase in the price, I would need to see evidence and a clear explanation showing why and how the price increased as it did for Mrs B's renewal – and in this case, this information hasn't been provided in a way which would allow me to reassure Mrs B that there's been no error here. So, taking this into account, I understand why Mrs B was left frustrated and confused by the price increase – and I think compensation of £100 is fair and reasonable in the circumstances.

### **Putting things right**

I've taken the view that Advantage haven't provided sufficient information or a clear explanation to demonstrate why and how Mrs B's price increased as it did for her renewal. So Advantage should pay Mrs B £100 compensation for the frustration and confusion caused.

### **My final decision**

My final decision is that I uphold the complaint. Advantage Insurance Company Limited must take the steps in accordance with what I've said under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 9 January 2024.

Paviter Dhaddy  
**Ombudsman**