

The complaint

Mr G complains about the price charged by Admiral Insurance (Gibraltar) Limited (“Admiral”) to renew his car insurance policy.

What happened

Mr G received a quote to renew his policy which was 39% higher than what he’d paid the previous year. Mr G queried this but says staff at Admiral weren’t able to explain why the price had increased. Mr G complained as he believed the price increase related to his age, which he feels is discriminatory. Admiral responded and explained, when they price their policies, they consider a wide range of factors based on the risk presented. They said, this includes occupation, class of use for the car, number of years a licence has been held and claims history. Admiral explained, while age is a rating factor they take into consideration, they don’t specifically charge a higher premium when a customer is over a certain age.

Our investigator looked into things for Mr G. He thought Admiral 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.

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 £777.28 in 2021 but then received a quote for £1,079.41 in 2022. This is much higher than what Mr G paid the previous year – so I understand why Mr G is concerned. Admiral 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 Admiral 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 Admiral’s risk model, but Admiral have provided their rating tables, and this demonstrates the changes in their rating structure. It also shows they take into account a range of factors when calculating a price for a policy. I note Mr G feels Admiral have discriminated against him based on his age – and he feels this is a breach of the requirements set out under the Equality Act. I wish to reassure Mr G I’ve taken the Equality Act 2010 into account when

deciding this complaint – given that it's relevant law – but I've ultimately decided this complaint based on what's fair and reasonable.

I can see Admiral have taken age into consideration, but this is based on their analysis of claims statistics. I do acknowledge Mr G's points and why he feels this is unfair. But, it's for a business to decide what risks they're prepared to cover and how much weight to attach to those risks. We do however expect businesses to treat customers fairly, and in this case, Admiral have based their rates on claims statistics – which I don't think is unfair. I also wish to reassure Mr G that the change in his age between 2021 and 2022 hasn't affected all the ratings in the way he believes it has. A number of the rating tables show Mr G's age grouping remained the same for both of these policy years. And despite the age Mr G reached in 2022, this didn't change his age categorisation across these rating tables from the previous year.

I think it's also important to add, from the information I've seen, age isn't the only factor which Admiral rate based on claims statistics. I can see their rating for other factors links directly to their view of the risk presented by those factors – and is based on claims statistics. So, I can't say Admiral are adopting an approach which discriminates against customers in a specific age group – or which otherwise treats them unfairly.

While we don't have the power to direct a business on what their risk model should look like, we can look to see whether they've acted fairly. And, in this case, I think Admiral increased Mr G's premium at renewal correctly in keeping with the changes made to their risk ratings and underwriting guidelines. Mr G may feel this is unfair, but Admiral, like all insurers, will review their approach to risks at different points and this will result in changes to the premium. They have explained this was a change across all their policies as they changed their approach. So in short, they have treated all customers the same with the change and Mr G hasn't been treated differently or unfairly when they chose to change their approach.

I do appreciate Mr G will want to know more detail around what specific factors have led to the premium increase and he was left frustrated at not receiving a response when he called to speak with staff at Admiral to find out what specifically had led to the price increase. Pricing is an area where the information which sits behind an insurer's explanation will often be commercially sensitive. So, I don't think Admiral have acted unreasonably in not providing more detailed information in response to the specific questions raised by Mr G.

I can see Mr G says, if Admiral are discriminating against him, they need to prove they have good reason and also show their action is a proportionate means of achieving a legitimate aim. Mr G also says he suspects Admiral's pricing algorithms have been set in a way which increases premiums for customers in a specific age group and those writing the algorithms didn't know or didn't care it could lead to discrimination. I have carefully considered Mr G's points but, from the information I've seen, I can't say Admiral have acted unfairly. While the price of Mr G's policy did increase, the approach taken by Admiral and the information they've taken into account when changing their rating structure, isn't unfair or unreasonable. It's not uncommon or unusual within the insurance industry for an insurer to carry out up-to-date analysis of claims statistics to determine changes to their risk ratings – and that's what Admiral have done here.

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 8 August 2023.

Paviter Dhaddy
Ombudsman