

## The complaint

Mr A complains about the increase in his Admiral Insurance (Gibraltar) Limited (“Admiral”) motor insurance premium when he changed his vehicle mid-year.

## What happened

Mr A has a car insurance policy with Admiral which was due to expire in April 2023. In September 2022 Mr A changed his car which led to an increase in his premium.

Mr A says when he went to update his insurance policy with the new car details he was surprised at how much his premium increased. He says his new car is a family car with less power than the one he replaced.

Mr A asked Admiral for evidence of why it considered his car to be 12 insurance groupings higher than that recommended by the ABI. But Admiral didn’t provide this information to Mr A.

Mr A says Admiral aren’t dealing with him transparently or treating him fairly and as a consequence he has been overcharged for his car insurance. So he complained.

Admiral said it uses many years of claims statistics to inform its pricing structure but it wasn’t able to disclose further information regarding this since that information is commercially sensitive. Admiral said its premiums are priced using its own commercial judgment and so the complaint wasn’t upheld.

Mr A wasn’t happy with the response from Admiral and so he referred his complaint to this service. Our investigator looked into things for him. He said he didn’t think Admiral’s explanation of the increase in premium was sufficient and so suggested it pay Mr A £75 in recognition of this.

Admiral didn’t agree and so the complaint was passed to me to decide.

## My provisional decision

I recently issued a provisional decision setting out my thoughts on the key complaint points and how I thought matters might best be resolved. I said:

*“Although I appreciate it will come as a disappointment to Mr A, I don’t think his complaint should be upheld. I’ll explain why.*

*I should make clear our role here is to make sure Mr A has been treated fairly and in line with how other customers have been treated. It’s not for us to tell a business how to price their policies; we need to make sure they’re being consistent and not taking advantage of any groups of customers.*

*When Mr A changed his vehicle Admiral needed to review the new information, in this case the car, and decide what it meant for the contract. We are not the regulator and so, as I’ve*

*explained before, I can't tell Admiral what price it should charge Mr A for his motor insurance. That's for Admiral to decide, based in part on the risk it thinks there is of Mr A needing to make a claim, and its wider commercial requirements.*

*Insurers constantly update how they rate risk. And their rates continually change so prices can go up or down, depending on what it thinks the risks are that year for all of its customers.*

*When calculating what premium to charge individual policyholders Admiral will take numerous different factors into account – these are likely to include, but are not limited to, the policyholder's postcode, age of the drivers, the value of the vehicles, car security, price of parts etc. And different insurers assess risk differently. What is high risk to one may not be to another. Individual insurers may also use different data when assessing the risk posed. But that's not unusual or unfair.*

*Admiral has provided me with confidential business sensitive information to explain how the price increase was calculated. I'm afraid I can't share that with Mr A because it's commercially sensitive. But I'd like to reassure him that I've checked it very carefully and, having done so, I don't think Admiral has treated him unfairly.*

*Admiral told Mr A the additional premium was generated because the new vehicle was a higher insurance group and was newer than the old one. And Admiral provided us with information about how it calculated the additional premium it charged Mr A. When there's a mid-term change to a policy this service expects the insurer to only rate it on the change itself. We don't think it's fair for an insurer to take the opportunity, when notified by a policyholder about a change in circumstances, to recalculate the premium taking all the unchanged factors into account. That's because the contract is agreed at the start of the policy year and the terms for the year are offered, and accepted, then.*

*Admiral has shown us that it only re-rated Mr A's policy mid-term on the changed vehicle. The only factors that were affected were those associated with that change such as, vehicle age, vehicle value etc. So I think Admiral has treated Mr A fairly here. Mr A had to notify Admiral he'd changed his vehicle and Admiral was entitled, at that point, to assess the risk of taking that new vehicle on. I can see why Mr A thought the extra charge was excessive but it reflected Admiral's view of the fundamental change in risk it thought it was taking on. So, I can't say that was unreasonable.*

*I can understand why Mr A may think there had been a mistake in the calculation of his premium following the addition of the new car. Especially given the difference in the insurance group from what Admiral told him compared to what his own research revealed. Mr A has said he doesn't understand how Admiral can change a car's insurance grouping by such an extent. Admiral has explained that in addition to using Thatcham groupings when grouping vehicles for pricing purposes, it amends the groupings as necessary based on its own back catalogue of many years of claim statistics.*

*As previously stated we are unable to insist on how an insurer calculates its premiums and Admiral does not have to share its methodology. I can only reassure Mr A that he has been treated the same way as all other customers.*

*After looking in detail at this case and the information provided I don't believe Admiral was unfair in its calculation of price for Mr A's car at the mid-term adjustment. And I don't think it has treated Mr A any differently to its other customers.*

*Therefore, it is my intention not to uphold Mr A's complaint that he has been treated unfairly by Admiral and do not require Admiral to do anything more."*

I invited both parties to let me have any further comments they wished to make in response to my provisional conclusions.

### **Response to my provisional decision**

Neither party raised any additional points or queried my findings.

### **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.

In light of the fact that neither Mr A nor Admiral had anything to add to the findings set out in my provisional decision (which I've reproduced here and which forms part of this final decision), I'm satisfied it represents an appropriate way to resolve the dispute. For the reasons I've set out above I'm not upholding Mr A's complaint.

### **My final decision**

For the reasons set out above my final decision is that I don't uphold Mr A's complaint about Admiral Insurance (Gibraltar) Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 3 August 2023.

Kiran Clair  
**Ombudsman**