

## The complaint

Mr and Mrs A complain that Liverpool Victoria Insurance Company Limited (“LV”) significantly increased their home insurance policy premium at renewal.

## What happened

Mr and Mrs A had a home insurance policy with LV, which was due to renew in November 2023. When Mr and Mrs A received their renewal documents in October 2023, they found that the premium had more than doubled compared to the year before. Mr and Mrs A say the increased price was a challenge for them to pay as they are both pensioners. They contacted LV to see if the premium could be reduced but they were told it couldn't be. So, they raised a complaint.

LV said a claim Mr and Mrs A had made under the policy in October 2023 had been taken into consideration when pricing their policy and this would impact their premium for five years. It said the renewal premium was correct, based on LV's underwriting criteria and pricing structure.

LV said the UK home insurance market was seeing prices going up due to the number of claims caused by an increase in the frequency and severity of weather events. And because of inflation, claims were now costing more. This was impacting people's premiums and LV's average prices had to rise too.

Mr and Mrs A remained unhappy and asked our service to consider the matter. They commented that it might be true that everyone's insurance was going up but to more than double in price was not the norm. They said their claim happened after the renewal, so didn't agree this would have impacted the price. They also suggested their claim had been mixed up with other claims and said they would like a fully detailed, bespoke breakdown to explain how LV had reached the premium they were charged.

Our investigator looked into Mr and Mrs A's concerns, but he didn't think their complaint should be upheld. He was satisfied that LV had communicated the change in premium clearly and in good time before the renewal. He was also satisfied that LV had worked out the new premium fairly.

Mr and Mrs A disagreed with our investigator's outcome. Mr A said they'd been loyal customers of LV for quite a few years and hadn't needed to make a claim until their kitchen flooded in October 2023.

Mr A said the facts surrounding his claim and the geographical location of his house had been overlooked or ignored. He said his property wasn't located in a flood risk area. His claim was to do with water ingress through a wall cavity which had now been rectified.

Mr A also commented that they weren't able to move insurers because the claim hadn't been concluded at the time of renewal. Other insurers would not consider them until the claim was resolved. They had no choice but to stay with LV for another year.

Mr A also made several comments about LV's handling of their claim.

As Mr and Mrs A disagree with our investigator's outcome, the complaint has been passed to me to decide.

### **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 Mr and Mrs A's complaint. I'll explain why.

I've considered everything Mr and Mrs A have told our service, but I'll be keeping my findings to what I believe to be the crux of their complaint. I wish to reassure Mr and Mrs A I've read and considered everything they have 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.

I understand Mr and Mrs A are also unhappy with LV's handling of their claim. But this is a separate matter. To be clear, in this decision I have only considered their concerns about the premium increase at renewal.

It isn't our service's role to tell a business what it should charge or determine a price for the insurance it offers. This is a commercial decision for the business to make. What I've needed to consider is if Mr and Mrs A have been treated fairly and in line with how other customers have been treated.

Mr and Mrs A say they were given contradictory information about whether or not the claim they made in October 2023 was taken into consideration in the renewal premium.

The "*October 2023 – Flood*" claim is showing on the renewal documents dated 31 October 2023. So, I'm satisfied this was taken into account.

LV has provided us with information to show how various factors have impacted the insurance premium. One of the factors impacting Mr and Mrs A's premium is the increased flood risk.

Mr A says their property isn't in a flood risk area. Their claim was for damage caused by rainwater ingress because a cavity, which had been created to feed a gas pipe through the wall, hadn't been sealed properly. He says the cavity has now been sealed with proper concrete to prevent further flooding.

I appreciate Mr A believes a flood event is unlikely to occur again. However, it's not for us to tell an insurer what a pricing model should look like and what factors it should rate when calculating a price. This is a commercial decision. Given that there was a flood claim, I can't say it was unreasonable for LV to have factored this into the pricing of the policy. Another thing I can see has had an impact is an increase in the base rate of a particular peril. But I can't divulge what this is because this information is commercially sensitive. It's also been widely publicised over the last year that prices have gone up over a range of insurance products. This is largely down to inflation and the increased costs of settling claims for insurers.

I understand Mr and Mrs A would like to see a detailed breakdown to show how LV it has calculated their premium. However, our service has accepted that this type of information is

genuinely commercially sensitive. While we would ask an insurer to share it with us so we can check they have treated a consumer fairly, we wouldn't pass this on to a consumer.

I would like to reassure Mr and Mrs A that I've carefully considered the information LV has provided. I'm satisfied from what I've seen that the price Mr and Mrs A have been charged has been calculated correctly and fairly. I've seen no evidence to suggest that other LV customers in Mr and Mrs A's position will have been charged a lower premium.

I acknowledge Mr and Mrs A feel the price increase is unfair, but it's for a business to decide what risks they are prepared to cover and how much weight to attach to those risks - different insurers will apply different factors. That's not to say an insurer offering a higher premium has made an error compared to an insurer offering a cheaper premium – but rather, it reflects the different approach they've decided to take to risk.

Mr A has told us that they were unable to switch insurers because of the open claim. He says the repairs to his kitchen weren't completed until mid-December. It's unfortunate that the policy renewed when the claim was still open. I haven't looked into Mr A's concerns about delays on the claim in this decision. But I don't find it surprising that the claim wasn't concluded at the time of renewal, given that it was made only a month before. So, I don't think any delay in resolving the claim is likely to have made a difference here.

I understand Mr and Mrs A have found it difficult to pay the higher premium and I empathise with them. Mr A has made us aware that he recently received treatment for a serious health condition. I'm sorry to hear this and I wish him well. But, having considered the information available to me, I don't think LV has acted unfairly or unreasonably. So, while I appreciate Mr and Mrs A will find my answer disappointing, I haven't found reason to uphold their complaint.

### **My final decision**

For the reasons I've explained, I don't uphold Mr and Mrs A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Mrs A to accept or reject my decision before 17 June 2024.

Anne Muscroft  
**Ombudsman**