

The complaint

A, a limited company, has complained about its let property insurer, Amtrust Europe Limited, regarding a premium increase at renewal.

A also initially complained about a pro-rata settlement for a claim and an extra excess being applied, but has since agreed to view these complaints points as resolved. As such they won't be mentioned further in this decision.

What happened

There was a storm in the vicinity of one of A's properties in November 2022 and damage was caused. A made a claim and Amtrust noted that part of the property had a flat roof. It noted it had not been told about this when the policy had renewed in March 2022. Amtrust gathered detail so that renewal in 2023 would be correctly priced based on the risk the property, comprising a flat roof, presented.

The initial renewal documents showed an increase in cost from £246.17 in 2022 to £391.61. The premium was then adjusted further about a month later.

A didn't think Amtrust was treating it fairly. A complained.

Our Investigator, given the initial renewal price, felt Amtrust had acted fairly. So he did not uphold the complaint.

A didn't agree. A presented documents issued at renewal in 2024 which showed that the total premium for the year before had been £489.53.

The complaint was referred to me for an Ombudsman's decision. I wrote to both parties as I felt that whilst the detail Amtrust had provided seemed to support the initial premium increase – it didn't satisfy me that the further increase to £489.53 had been fair. I said unless it could explain and support that increase, I'd likely require it to pay A £97.92 plus interest.

Amtrust did not respond to my enquiry in any way. A provided some policy documents and said that whilst it was worried about the price at subsequent renewals too, it would accept a refund of the £97.92 regarding the price charged in 2023.

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.

What an insurer will charge for cover is often a matter for its commercial judgement. However, an insurer is still expected to act fairly in that respect. Which broadly means it has to charge the same for all policyholders presenting the same risk criteria.

Here Amtrust views flat roofs as presenting a greater risk. It has shown that where a property has a flat roof, it will increase the premium it charges the policyholder according to the percentage of the roof that is flat. This is not based on an exact, specific area measurement. Rather, as the policy documents show, Amtrust uses a percentage band. It has recorded the flat roof at A's property as being within the 26-50% band. Having seen photos of the property, I think that's a fair assessment. It has shown that it loads premiums for flat roofed properties in that band in the same way.

Amtrust has also shown that the cost of previous claims is important to it when pricing cover. It has shown that it applies a certain adjustment to premiums where claim costs are in the region of the cost of A's 2022 claim.

I've considered how those two factors and adjustments would have affected A's premium. As I said in my writing to both parties, I can see how those adjustments would likely have caused the premium to increase from £246.17 to £391.61. But I can't see how the sum of £489.53 was reached. And I can't see from the policy documents provided, including those A provided in response to my writing, that anything other than the flat roof and the claim costs changed which might otherwise impact the price.

Overall though I'm mindful that Amtrust has not responded to my request for further detail and explanation. So Amtrust has not shown that the entirety of the premium increase applied in 2023 was fair and reasonable. Further Amtrust has not given me any good cause to think that my award suggested to make up for that, of it paying £97.92 plus interest, is unfair or unreasonable in the circumstances here.

Putting things right

I require Amtrust to pay A £97.92 plus interest* applied from 3 April 2023, the date the renewal premium was adjusted, until settlement is made.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require Amtrust to take off tax from this interest. If asked, it must give A a certificate showing how much tax it's taken off.

My final decision

I uphold this complaint. I require Amtrust Europe Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask A to accept or reject my decision before 2 August 2024.

Fiona Robinson
Ombudsman

