

The complaint

Mr S complains about the price quoted by Acromas Insurance Company Limited (“Acromas”) to renew his home insurance policy.

What happened

Mr S received a quote to renew his policy which he accepted, and then proceeded to make payment online. Mr S says an error occurred, so he called the broker to make payment and, when asked whether all the details were correct, he explained he’d started a part-time job. Mr S says Acromas then quoted a price which was more than double the original quote. Mr S says he queried this, but no explanation was provided. Mr S complained to Acromas as he was concerned about how a change in occupation could affect his premium.

Acromas responded and explained they take into account a range of factors when assessing risk. They said one of those factors is a customer’s occupation, and when changes are made to this it affects the risk posed to them, which is reflected in the premium. Acromas said they appreciate Mr S would like a more specific explanation regarding the calculation of his premium but this information was commercially sensitive so they couldn’t provide any more detail.

Our investigator looked into things for Mr S. He thought Acromas hadn’t treated Mr S unfairly in relation to the pricing. Mr S 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 S 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 S received a renewal invite which quoted a price of £112.48. Following his call with the broker, in which he changed the details of his occupation, Acromas then quoted £291.35. Mr S says he’d previously done voluntary work for many years which meant he was away from home more often than he would be now. So he questions how this change in occupation has increased the risk and premium.

Given the points made by Mr S, I understand why he’s concerned about the price increase. Acromas have provided me with confidential business sensitive information to explain how

Mr 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 Acromas customers in Mr S' position will have been charged a lower premium.

I acknowledge the price Mr S received after changing his occupation was higher than the original quote, but I think it's important to point out there are some differences here between the two quotes. Firstly, the original quote shows Mr S' occupation status as 'Retired' but the second quote records this as 'Employed'. It's not unusual or uncommon for insurers to take into account employment status when rating a policy – so I can't say Acromas have acted unfairly here.

Secondly, the original quote and revised quote are from two different insurers. Acromas didn't provide the original quote. So, this isn't a case where Acromas have increased the price from the original quote after amending Mr S' occupation status. What's happened here is the broker has reached out to their panel of insurers and a different insurer has provided the initial quote. Then, after the broker amended the occupation status, Acromas have provided a quote – which in this case was higher than the other quote but was based on Acromas' own pricing model. I acknowledge Mr S feels the price increase is unfair and he's concerned about why his circumstances now carry more risk than before. But it's for a business to decide what risks they're 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.

I do appreciate Mr S wanted more detail around what specific factors led to the premium increase and he was left frustrated at not receiving a response to his questions about the specific factors which have contributed to the 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 Acromas have acted unreasonably in not providing Mr S with details of the specific ratings and loadings used to calculate the price.

I acknowledge Mr S believes he hasn't been treated fairly. I fully understand why, on this basis, Mr S has complained, and I hope he feels reassured that I've checked the pricing information from Acromas. But I can't say they've made a mistake in how they've rated Mr S' policy or otherwise treated him unfairly. I wish to reassure Mr S 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 S to accept or reject my decision before 23 October 2024.

Paviter Dhaddy
Ombudsman