

complaint

Ms L complains about the increase in premium applied by Guarantee Protection Insurance Limited ("GPI") to her policy for woodworm and damp.

background

Ms L first took out her policy – as a guarantee against woodworm and damp – in 1987. She paid approximately £20 for her annual cover. By 2003 the premium had increased to £37.80. In 2013, the premium was £53.13 and, in March 2014, Ms L was informed it was increasing to £64.83 – a 22% rise on the previous year. The renewal documents included an explanation as to why the premium had increased so significantly.

Ms L complained to GPI about the increase. GPI looked into Ms L's complaint and said that unfortunately it had had to apply an increase right across this type policy because of an increase in the number of claims made. GPI acknowledged that Ms L hadn't made any claims herself but explained that it was entitled to vary the renewal premium for a product where it assessed that product posed an increased risk. Ms L was told about her right to complaint to this service but didn't.

When Ms L received her 2015 renewal documents she noticed her premium had increased by 14% to £74.19 per year. She also noticed that the cover offered by the policy had been reduced. Ms L complained again to GPI and it said that the policy was annually renewable. It said its underwriters assessed the risk each year and then offered the renewal terms to policyholders. It said it was sorry that Ms L no longer found the insurance acceptable.

Ms L complained to this service. Our adjudicator investigated the complaint but didn't recommend it be upheld. He understood why Ms L felt unhappy about the premium increases but didn't think she'd been unfairly treated because the increase had been applied to all policyholders. He explained that this service didn't regulate the insurance industry.

Ms L said that all GPI's customers weren't being treated the same and that this service should be making enquiries about why that was the case. She asked for her complaint to be referred for an ombudsman's decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I can understand why Ms L was unhappy that her premium increased significantly despite never claiming under the policy. But I have to decide whether GPI treated Ms L fairly and reasonably when setting the price of her policy. I have to say that I think it has. I'll explain why.

GPI has said it increased the cost of Ms L's policy – and all its other customers with the same policy – because there's been an increase in the number of claims made. It said that its underwriters had assessed the risks associated with the policy and decided that the risk it was offering to insure had increased.

When the 2014 renewal documents were sent to Ms L they included this explanation for the price increase. The option to renew was given. It isn't unusual for the price of insurance to increase if it's linked to a greater risk, as is the case here. GPI explained the reason and gave Ms L the option to renew or not. Prices do, unfortunately, sometimes go up but I don't think that GPI has treated Ms L unfairly in this case.

I know that Ms L thinks that GPI hasn't treated all its customers with this policy the same but I've seen no evidence that this is the case and this isn't something that I think this service needs to investigate further. That's because we deal with individual complaints. The role of regulating the insurance market falls to the Financial Conduct Authority. Ms L can draw any practices that she feels to be systematically unfair to the FCA's attention if she wishes and it'll consider whether it needs to take any action.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 29 December 2015.

Claire Woollerson
ombudsman