

The complaint

Mrs T has complained Insurance Factory Ltd didn't warn her effectively about how premiums for lifetime pet policies might increase over the life of the policy. She has complained that her latest renewal premium was far too high.

Insurance Factory is represented by an entity which I shall call M.

What happened

Mrs T's initial complaint was set up against the underwriter of her policy, as they are the entity which set the premium amount. That complaint has been dealt with by me separately.

In that complaint the underwriter explained it was only responsible for any information which would have been given to Mrs T at the renewal about how premiums might rise since 2017. M said it wasn't involved as an underwriter when Mrs T bought her policy in 2012 and it said at that it understood that Insurance Factory was responsible for the presentation of the relevant documentation to Mrs T when she was buying this policy.

Mrs T brought a lifetime pet policy for her dog through a broker in 2012 and the premium was £366.00 per year for vet fees cover of £3,500.00 per year. At the renewal on 20 December 2021 she was asked to pay an annual premium of £2,036.16. Her previous year's premium was £1,682.76. She considered this was significantly overpriced. The underwriter initially offered her a 10% reduction in her premium which it later withdrew but then it paid her £100 compensation.

Mrs T remained dissatisfied and so brought her complaint to us. As I have dealt with the complaint against the underwriter separately, this complaint merely concerns the actions Insurance Factory at the time Mrs T bought her policy. The investigator was of the view that Insurance Factory should pay Mrs T another £150 compensation. M said that Insurance Factory disagreed because it thought the information given to Mrs T by the underwriter was sufficient. So, Mrs T's complaint has been passed to me 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'm upholding this complaint.

This is because it wasn't until 2017 when the underwriter began to explain in renewal notices that the cost of lifetime policies could increase as the pet got older. And of course once you have a lifetime policy, any conditions claimed for continued to be covered by that policy up to the benefit limit and any other limitations but not so when you change providers as virtually all pet insurers will have some sort of exclusion or limitation on pre-existing conditions. Mrs T has now changed insurers and has told us this new policy is subject to pre-existing

exclusions too. So, insuring elsewhere as the underwriter initially said, doesn't provide the same coverage sadly.

Despite the fact that Insurance Factory are not involved in the setting of the premium, more clarity about how lifetime premiums might rise when someone is considering this type of cover is essential. And I can understand with Mrs T's upset at being asked to pay £2,036.16 for merely £3,500 cover.

So as M said in the complaint set up against the underwriter that the underwriter clearly felt this was at Insurance Factory's door in their dealings with the other complaint (and M has not produced any other evidence that Insurance Factory wasn't), I do consider it's reasonable for Insurance Factory to pay Mrs T further compensation for the upset of how high her premiums had risen to. I consider the £150 compensation to be fair and reasonable.

My final decision

So, for these reasons, it's my final decision that I uphold this complaint.

I now require Insurance Factory Ltd to pay Mrs T £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 12 May 2022.

Rona Doyle
Ombudsman