

## **The complaint**

Miss G's complaint is about the cost of a pet insurance policy sold to her by Bought By Many Ltd.

## **What happened**

Miss G took out a lifetime pet insurance policy to cover her dog in 2018 at a cost of £43.44pm and has renewed it each year since. The policy was sold to her by Bought By Many who act as an independent intermediary and the insurance cover is provided by a separate underwriter.

Miss G says that a 20% co-payment was deducted from claims settlements made in 2021 in error. Bought By Many says that Miss G had contacted it in 2019 to complain about the increase in premium at renewal and its call-handler had suggested adding a co-payment, which could bring the price down. Miss G declined this option but Bought By Many says the co-payment was later applied in error. It accepted it was its mistake.

The co-payment had been applied at renewal in 2020 and 2021. Bought By Many said that if the co-payment had not been applied the premiums Miss G would have been required to pay for the two years would have been an additional £382.08. Bought By Many said it would not recoup the additional premiums and would also refund the 20% co-payment deducted from the claims. However, from the next renewal the premiums without the co-payment, would be £84.38pm.

Miss G is very unhappy about this. Miss G says the premiums have increased by an unreasonable amount and the cost of the policy is a strain on her finances. Bought By Many also told her that the premiums depend on factors such as the breed and age of the dog and not the claims made. Miss G says this is unfair as they are not based on things within her control; and Bought By Many knew the breed and age of the dog when she first took out the policy and she should not be penalised just because dog's breed is more prone to certain conditions. In addition, Miss G says that her dog has had treatment for things that will not be covered if she moves to another insurer now. She is worried how she'll be able to afford the policy going forward and this has caused her a lot of stress. Miss G has asked that Bought By Many be required to assess premiums that are affordable and limit the increases each year.

Bought By Many has confirmed that the insurer does not determine its premiums based on individual claims history but on a number of other factors, including the age and breed of the dog and the location of the insured pet. These are all rated to assess the risk presented. The premiums quoted to Miss G are correct and in line with other consumers presenting the same risk; and the premiums are competitive within the market given the level of cover provided.

Bought By Many has also said Miss G has benefited from the way her premium was calculated, as she has had some significant claims met under the policy. She has also benefited from the policy for a much lower premium than other customers, given the mistake it had made with the co-payment.

One of our Investigators looked into the matter. The Investigator explained that Bought By Many did not set the premium, as they are not the insurer but it did sell the policy to Miss G and so was responsible for making sure she had sufficiently clear information about the policy, including about potential significant increases in the cost of the policy. Having looked at the information provided to Miss G, the Investigator didn't think she had been given sufficient warning about this. She therefore recommended that Bought By Many pay Miss G £200 compensation for the fact she was not expecting such significant increases in premium.

Bought by Many accepted the Investigator's recommendation on the understanding that this is a one-off payment of compensation and says it would not expect to be required to pay further compensation if there is any future complaint about the price of the policy.

Miss G does not accept the Investigator's recommendation and says £400 compensation is more appropriate given the amount of the premium increases.

As the Investigator was unable to resolve the complaint, it has been passed to me.

### **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.

Bought By Many is an insurance broker and intermediary, not an insurer. So it sells policies and might help with their administration but doesn't provide the cover itself, which is the responsibility of the insurer. Bought By Many does not therefore set the premium. It seems in this case that it applied the underwriting criteria set by the insurer, but it was doing so on behalf of the insurer. I am only therefore addressing the sale of the policy and the mistake with the co-payment and can make no decision about the fairness or otherwise of the policy cover and the premium itself.

### **Co-payment**

Bought By Many accepted that the co-payment should not have been placed on the policy and so it offered to reimburse Miss G for amounts deducted from her claims during the relevant period. If the co-payment had not been added, the premiums would have been significantly higher than Miss G paid but Bought By Many also agreed not to seek payment of the additional premium. I think this is reasonable and do not consider it needs to do anything further in this regard

### **Premiums**

It is generally up to insurers to decide what cover they wish to provide and the premium that they want to charge for that cover, based on the risk that it thinks a customer presents. We have no power to make an insurer lower its charges, or to require an insurer to calculate risk in any particular way. Similarly, individual consumers have a choice about which policy and which insurer they wish to take insurance with, or not take insurance at all (unless it's a requirement, legal or otherwise).

In general, the cost of insuring a pet will increase each year as the pet gets older and the cost of medical treatment rises. And while Bought By Many would have known the breed and age of Miss G's dog when she first took out the policy, certain breeds are more prone to injuries/illness at different ages. It is not unfair or unusual therefore for these factors to be

significant in the decision made by an underwriter about how much it wants to charge for the cover to continue.

Standard pet insurance policies usually won't cover any medical conditions the pet had, or received treatment for, when the policy was taken out or renewed. So ongoing or recurring medical conditions won't be covered. But "life-time" policies like the one Miss G took out, will cover any conditions they develop on an ongoing basis for the rest of their lives – as long as the policy continues. The pet is usually covered up to a set amount each year, until the policy limit is reached and on renewal of the policy, the limit is then refreshed. Providing this cover is expensive, so they tend to be more expensive than other types of pet insurance on the market, and the yearly cost of these lifetime policies can go up significantly at renewal. There is no limit to how much the premium could be and I can't impose one.

Those selling insurance have a responsibility to provide clear information about the cover being provided, the cost and any significant terms or conditions. The information provided to the buyer must put them in a position to make an informed decision about whether or not to take the policy. To fulfil this responsibility, we would expect a seller to explain clearly any significant terms. This may be verbally or by providing clear documentation. In relation to a lifetime pet policy, we would expect the information about the cost of the policy to include the potential for significant increases in the price, given the specific type of cover being provided.

While the insurer is normally responsible for the policy documentation, Bought By Many has an obligation to further explain anything which is not sufficiently clear in the documents produced by the insurer.

Having looked at the policy information provided to Miss G in 2018 and each year since, I can't see that there is any information that would make her aware of the potential long term cost implications of this type of policy. I also note that Miss G specifically asked about potential premium increases on the phone in 2018 and 2019. Bought By Many discussed the potential for premiums to go up and down but did not in my opinion make sufficiently clear that the premiums were likely to increase each year and potentially by significant amounts.

I need to now consider what difference it would have made, if any, to Miss G's position if she had been given sufficiently clear information about this when she first took out the policy.

Miss G didn't have to buy a lifetime policy. She could have bought a cheaper yearly policy. But those policies don't usually cover any pre-existing conditions. So, once a pet's suffered with a medical issue, the yearly policies won't cover that problem in later years. As a result, if a pet needs ongoing treatment over a number of years, the policyholder will have to bear the full cost of that treatment even if they have a policy in place. In this instance it seems Miss G was looking for a lifetime policy. And as premium rises of this type are common across the market, I think it's likely that Miss G would have still bought this policy, as that's the type of policy she was looking for. And, as mentioned, she had made claims under the policy, so benefited for ongoing conditions, which she'd likely have had to pay for herself if she had chosen not to take the policy.

Overall, I don't think she'd have done much different even if Bought By Many had given her more information at the point of sale. She'd either have not taken the policy, but would have to bear the cost of treatment of any ongoing conditions herself, or she would have still taken this or another lifetime policy.

Miss G says she is being priced out of the market and this is unfair. However, as stated, insurers are entitled to set their own prices and it is not unfair or unreasonable that they increase those to reflect the risk they are taking on. I understand that Miss G is now in a difficult position but that is not as a result of anything Bought By Many has done wrong.

However, I do understand that the significant increases in premium came as something of a shock to Miss G, and if Bought By Many had given her more information at the outset about the likely increases in premiums, then she wouldn't have been so surprised by the increase.

So I agree with the Investigator that some compensation is appropriate to reflect the distress and inconvenience this caused. I also agree that the sum of £200 is appropriate.

Bought by Many has stressed that it considers this to be a one-off and that now Miss G is aware of the potential for future increases in premium, it would not expect to be required to pay any further compensation for the same issue. To clarify, our rules prohibit us from considering a complaint which has already received a final determination. So we would not consider any future complaint about the information relating to premium increases that was provided to Miss G when taking out the policy in 2018, or the renewals to date.

### **My final decision**

I uphold this complaint against Bought By Many Ltd and require it to pay Miss G the sum of £200 compensation for the distress and inconvenience caused by this matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 28 July 2022.

Harriet McCarthy  
**Ombudsman**