

The complaint

Miss R has complained that Jigsaw Insurance Services Plc unreasonably and unfairly didn't explain how her premium would increase for her pet policy for her cat when it took over the administration of Miss R's lifetime policy in 2015 when the underwriters changed.

What happened

Miss R bought her lifetime policy in 2008. The underwriter decided to withdraw from the pet insurance market in 2015 and Jigsaw took over the administration of Miss R's policy in September 2014. And Miss R then renewed her policy through Jigsaw in May 2015 and thereafter. Jigsaw isn't the underwriter of Miss R's policy, so it doesn't set the premium amount. However, it is responsible for explaining to Miss R how the policy will operate since 2015.

Miss R complained to Jigsaw in March 2021 when she received her renewal invite from Jigsaw as her premium was going to increase by 94% from £483.52 to £940.37 per year. She also made a complaint to the underwriter which was dealt with separately. So, this complaint merely concerns Jigsaw's administration of Miss R's policy.

Miss R thought she should have been given much clearer information by Jigsaw when the new underwriters took over her policy. Jigsaw didn't agree it needed to do anything more than it had done. She also complained that when she queried the premium increase Jigsaw's adviser cancelled her direct debit without asking her and then there were several further issues trying to get it reinstated with Jigsaw saying it had been reinstated but then contacting Miss R that it was having problems collecting her payments. So, Miss R brought her complaint to us.

The investigator was of the view that Jigsaw's information from 2015 wasn't as good as it could have been. It merely said the premium 'may' change and she thought that didn't give Miss R enough information that as her policy was a lifetime policy, the premium could increase as her cat got older. So, the investigator recommended Miss R's complaint should be upheld and that Jigsaw should pay her £300 compensation.

Jigsaw whilst it didn't agree, said it would abide by the investigator's view. Miss R didn't think the compensation was enough, so her complaint was passed to me to decide.

I issued a provisional decision on 30 August 2022 and I said the following:

'As the investigator explained, Jigsaw like every other administrator of an insurance policy must follow the rules as set out by ICOBS Insurance: Conduct of Business sourcebook. This doesn't just relate to the initial sale but also to renewals. One of the rules says it needed have taken reasonable steps to give its customers the following:

'appropriate information about a policy in good time and in a comprehensible form so that the customer can make an informed decision about the arrangements proposed'.

Sadly, all Jigsaw told Miss R was that her premium 'may' change. It didn't explain anything about lifetime policies given that premiums might increase substantially and how the premium might be affected by claims or by the pet getting older. There wasn't enough explained to Miss R by Jigsaw when it came on board and at Miss R's renewal in 2015 in my view to explain these things so that Miss R wasn't quite so shocked to her premium increase by 94% in just one year.

Obviously, Jigsaw wouldn't ever be able to say by how much premiums might rise in the future, but the right level of detail was missing. Miss R has benefited from the policy as she has made claims and her cat's more longstanding conditions are being covered. So, I agree she entitled to some compensation. However, this is compensation for the shock of the increase suffered by Miss R. It's not compensation to fine or punish Jigsaw.

Miss R has referred to other similar cases to explain why she thinks the compensation suggested by the investigator of £300 is too low. I don't think it is too low though as it's in line with what I have awarded in similar cases previously. Also, no decision by one ombudsman creates any precedence for any other ombudsman as each case is decided on its own individual facts and merits. So, given it's of a level of compensation that I've awarded previously, I'm not minded to increase this compensation now.

In Miss R's complaint form dated 27 April 2021, which Jigsaw has seen, she talked of the fact that she first made contact with Jigsaw to complain about the premium increase, the adviser thinking the premium rise was a mistake, cancelled Miss R's direct debit without her consent. The adviser then told Miss R and there followed some considerable communication trying to get the direct debit reinstated. This caused Miss R further trouble and upset given the several calls she had to make to get it reinstated properly, and that it now had a new date to come out of her bank account. This issue wasn't dealt within this complaint or indeed with the complaint against the underwriter. But I consider this issue did cause Miss R further unnecessary trouble and upset and I consider that Jigsaw should pay her another £150 compensation in addition to the £300 making the total compensation payable to Miss R to be £450.'

Miss R accepted my provisional decision. Jigsaw didn't respond.

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 again, I'm upholding this complaint.

Given Miss R accepts it and Jigsaw didn't respond there is no reason for me to change my view as outlined above in my provisional decision.

My final decision

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

I now require Jigsaw Insurance Services Plc to do the following:

- Pay Miss R £300 compensation for the lack of coherent warning on premium increases in lifetime policies.
- Pay Miss R a further £150 compensation for wrongly cancelling her direct debit and the trouble and upset caused in reinstating it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 13 October 2022.

Rona Doyle
Ombudsman