

The complaint

Mrs W complains about the premium Red Sands Insurance Company (Europe) Limited charged her when renewing two pet insurance policies. She's also unhappy about the level of service received.

Reference to Red Sands include their agents.

What happened

The background to the complaint is known to all parties so I won't repeat it here. In my decision I'll focus mainly on giving the reasons for reaching the outcome I have.

Mrs W held two lifetime pet insurance policies with Red Sands. Policy one started in 2015 and policy two in 2016. Staff discount was applied to both policies until Mrs W changed jobs in 2021. She says she was shocked by the premium increases during the 2022 renewal. So, she complained to Red Sands and says they handled things poorly, failed to provide correct information, and didn't address matters adequately.

Red Sands say the policy terms state premiums might increase each year and Mrs W was made aware of this. They say the price for both policies was correct, policy two had a far greater number of claims against it than policy one, and they treated Mrs W fairly. They say they provided Mrs W with correct information and offered to discount both policies as a gesture of goodwill. Mrs W remained unhappy and approached our Service.

Our investigator recommended the complaint be upheld. He didn't think Red Sands made clear premium increases could be significant and there was no limit to what could be charged for the policies. He thought the premium increase on policy two in 2022 was significant and would have shocked Mrs W. So, he recommended they pay her £200 in recognition of this. Red Sands didn't agree and asked for a decision. Mrs W said the compensation amount was far too low given the way things were handled. So, the case was passed to me to 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.

The policy says Red Sands may change the premium at renewal due to a pet's age, claim, and medical history, amongst other things. It doesn't set out the potential for premium increases to be significant, the long-term costs associated with these types of policies, or that no limit applied to how much could be charged. I think this information is important to a policyholder when considering whether a policy is suitable. And even though a price increase wouldn't necessarily come as a surprise to a policyholder based on the policy wording, a significant increase in premiums at renewal would likely come as a shock.

As such, I think the failing here was Red Sands not making clear to Mrs W the potential for premiums to significantly increase, amongst the other possibilities that could impact the

policy I've mentioned above. So, I've gone on to consider the impact of their failing on Mrs W in respect of policy one and two.

Policy one

Red Sands say staff discount was applied in 2015 and removed in 2021 when Mrs W changed jobs. This impacted the price as the cost of the policy went up in 2021. It then increased further in 2022 by approximately £60. All things considered – I'm not persuaded the 2022 price increase on policy one impacted Mrs W. She ought reasonably to have been aware the premiums might change, and I don't think the increase was so significant it would have caused her a level of shock. So, I don't think Red Sands' failing impacted Mrs W in respect of policy one.

Policy two

Similar to policy one, the premium increased in 2021 when the 50% staff discount was said to have been removed. The claims history on this policy I've seen shows a far greater number of claims were settled against it in comparison to policy one – which impacted the price of it, amongst other factors. It then increased further by approximately £200 during the 2022 renewal window.

Although it's reasonable to say Mrs W ought reasonably to have been aware the premium could change given the claims history and the fact the policy terms say this, I think a further rise of £200 would have come as a shock to her. I think the 2022 renewal increase was a significant one, and the extent of that increase would have caused her a level of shock – as she pointed out to Red Sands when she complained about it.

As such, whilst the policy says premiums can change, it doesn't say increases could be significant or there's no limit to what Red Sands could charge. I think this is an important factor for a policyholder to consider when choosing whether a policy is suitable. So, I also think some compensation is due here for the impact the significant premium change in 2022 had on Mrs W for policy two.

Summary

Mrs W says Red Sands handled things poorly when she complained, failed to address her concerns adequately, and failed to provide her with correct information. Our investigator requested Red Sands re-reviewed the information provided to Mrs W given her concerns which I think is a reasonable suggestion to help alleviate those concerns.

I agree things could have been handled better overall here – things didn't go as smoothly as Mrs W would have liked them to. I note, however, Red Sands offered to apply a 10% discount to both policies as a gesture of goodwill. So, even though things could have been handled better here, I think Red Sands have already done enough to put matters right fairly by applying this discount.

I think the 2022 premium change on policy two was a significant one and the extent of this would have caused Mrs W some shock. I'm not concluding here the price was *wrong* as it's not for us to determine the price an insurer charges for a policy – and I've not been persuaded Mrs W was treated unfairly or differently to other customers in the same position as her. So, whilst the policy does say premiums can change, it doesn't say premiums could change *significantly* – as I think they did here – or there's no limit to how much Red Sands could charge.

Our investigator recommended Red Sands should pay Mrs W £200 compensation for any

distress and inconvenience caused. I'm satisfied that's a fair, reasonable, and proportionate outcome to this complaint – in addition to the 10% discount applied by Red Sands to both policies. So, I'll be directing Red Sands to pay Mrs W £200 to resolve matters.

I accept my decision will come as a disappointment to Mrs W. But my decision ends what we – in attempting to resolve her dispute with Red Sands – can do for her.

Putting things right

Red Sands Insurance Company (Europe) Limited must now pay Mrs W £200 compensation for any distress and inconvenience caused.

My final decision

For the reasons I've mentioned above, my final decision is I uphold it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 7 March 2023.

Liam Hickey
Ombudsman