

The complaint

Ms P has complained that ETU Forsikring A/S (ETU) unreasonably and unfairly increased the premium for her pet insurance policy from £1,144.45 per year in 2021 to £4,586.75 per year in 2022.

What happened

Ms P bought her pet policy through another company which provided lifetime cover of vet fees up to £8,000 per year. ETU are the present underwriters of this policy and came on board just as Ms P was to renew her policy.

So, Ms P complained about the extent of the increase in premium. Initially she was told the premium calculation was wrong. But then it was eventually confirmed as being correct. ETU said it calculated the premium increase correctly in accordance with its underwriting guide. It explained consequently that Ms P hadn't been singled out and treated differently to anyone else in her position given previous claims.

Ms P said she simply couldn't afford this premium so had to change insurers. Her dog needed an operation costing up to £10,000 which her new insurer wouldn't cover as it now related to a pre-existing condition given it came about before her new policy started. Ms P felt she had been deliberately priced out of this policy, which she thought was deeply unfair. She felt ETU should pay for her dog's operation.

As ETU wouldn't change its stance, she brought her complaint to us.

The investigator thought ETU didn't do anything wrong as regards to the premium increase, but he did think the confusion over whether the premium price was correct or not caused Ms P some unnecessary trouble and upset, so he thought ETU should pay her £100 compensation for this. ETU agreed but Ms P didn't.

The investigator also set up a complaint against the company who sold the policy to Ms P as it was possible it didn't explain clearly enough how and why premiums for pet policies can rise so extensively. That has been dealt with separately.

So, as Ms P didn't agree with the investigator's view, her complaint 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.

Having done so, I'm upholding this complaint just for compensation along the lines of what the investigator said. I'll now explain why.

There's no question that Ms P's increase in premium was very large and I do understand and sympathise with Ms P as I can see it would have been quite a shock. However, all underwriters can increase premiums for varying risks as they wish to, provided they don't single any one customer out and treat that customer differently. Insurance companies are commercial enterprises, and the regulations permit them to retain the ability on how to rate the risks they are providing cover for. This is of course dependent on things like the cost of vet services or procedures as in Ms P's case.

In order to show no customer has been singled out and treated differently, the underwriter must have an underwriting guide, which explains the rating given for all sorts of issues to include things like the age of the pet, the incidents and the amount or extent of previous claims, etc. This means that no one customer is then singled out and treated differently.

As the investigator explained, such underwriting guides are commercially sensitive information as of course each insurer might rate things differently. So, as we publish our decisions, we don't share these underwriting guides with consumers. I've looked at the underwriting guide carefully and it's clear ETU followed it when calculating Ms P's premium. So that means that she wasn't singled out or treated differently.

Therefore, there is nothing to show me ETU has done anything wrong. The premium increase is calculated fairly and in accordance with the underwriting guide. This also means there would be no question of ETU paying for the operation Ms P said her dog needs.

Turning now to how Ms P was told about her premium increase. Sadly, I consider there was too much confusion over this. First, she was told the amount was incorrect and then she was told it was indeed correct and there was too much unnecessary confusion over it. More so since the premium increase itself was such a shock.

So, I consider this warrants compensation for the further distress caused. I consider that the investigator's thoughts on a £100 compensation in addition to the apology Ms P has already received to be in line with our approach on such matters. It's also what I would have suggested had the investigator not done so.

My final decision

Therefore, whilst I do appreciate and understand Ms P will be disappointed with my decision, it's my final decision that I uphold this complaint for the payment of compensation only.

I now require ETU Forsikring A/S to pay Ms P the sum of £100 compensation for the confusion over whether the premium increase quoted was correct or not.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 5 December 2023.

Rona Doyle
Ombudsman