

## **The complaint**

Ms P's complaint is about deductions that were made to claims she made on her Allianz Insurance Plc pet insurance policy, as well as the increase in the cost of her policies since she first took out cover.

Ms P feels that Allianz have treated her unfairly.

## **What happened**

Ms P took out a lifetime pet insurance policy for her pet with Allianz in 2013 and continued to renew it from that point until the present date. She's become concerned about the significant rise in the premiums she's been charged over the years and feels the way in which the insurance was priced is unfair and having a significant impact on her ability to pay it.

Ms P is also concerned about certain deductions that were made by Allianz in respect of recent claims she's made. She doesn't think it was fair for Allianz to take two excesses because her claims for the same treatment to her pet fell in two separate policy years. She's also unhappy about the deduction of 20% of one of her claims when her pet reached 10 years old. She feels that it was unreasonable for Allianz to deduct this.

Allianz say their policies are priced fairly and in accordance with their pricing methods across the board for customers. They say that Ms P would have been charged the same amount as any other customer with the same pet and the same risk criteria. They also say they don't offer bespoke pricing and their pricing algorithms are tightly managed and controlled with no room for human error. Allianz have made the point that premiums for policies like Ms P's increased each year in accordance with the age factor for the breed and gender of her pet at that time and in line with veterinary fee inflation.

Turning to the claims complaint Ms P has made, Allianz say that the excesses were deducted correctly in accordance with the policy terms. However, when reviewing these claims Allianz say they discovered that when Ms P called them to query the excess payable, she should have been advised that for any treatment after the latest policy renewal date, there would be a flat per condition per policy year excess of £125 plus a 20% deduction from the claim because the pet had reached the age of 10 when the excess became payable. Allianz say that because Ms P wasn't told this they should have refunded the total sum of £242.44, representing the percentage deduction applied because she wouldn't have expected to be paying this when she put in her claim based on her earlier call with them. In addition, Allianz say they identified a couple of errors in their final response letter to Ms P in relation to the renewal date stated and the pet's name and species, which might have caused Ms P confusion. Because of this they have offered an apology, a refund of the sum of £242.44 plus 8% simple interest along with compensation of £75 for the level of service Ms P received.

Our investigator considered Ms P's complaint and thought it should be upheld in part. He thought that the offer Allianz had made in respect of Ms P's complaint about her claim was reasonable and represented a fair way to settle this issue. On the issue of the policy premiums however, the investigator took the view that Allianz had only provided enough

evidence to support that the premiums charged for the latest two policy years were fair. He concluded that on balance he didn't have enough evidence to support that the policy premiums from 2013 until 2022 were charged fairly, but equally there was nothing to support, they had been calculated incorrectly either. Because of this he thought the fair thing to do was for Allianz to pay Ms P a further £125 in compensation (in addition to the offer made above) for the trouble and upset they'd caused her in not being able to properly evidence the position.

Allianz don't agree. They say that although they're happy to pay the compensation suggested by the investigator, they don't agree with the reason it has been awarded. As such the matter has been passed to me to determine.

### **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 uphold Ms P's complaint for broadly the same reasons as the investigator.

The first issue for me to determine is whether Allianz did anything wrong in applying the excesses it did to Ms P's claim and whether its offer to settle this complaint is reasonable. I appreciate that Ms P hasn't requested a final determination on this issue, but for the sake of completeness I think the excesses and 20% payment applied by Allianz on her claims in both recent policy years was correct. However, like Allianz, I recognise there were failings on their part when they omitted to tell her about the 20% claim deduction when her pet turned 10 years old when Ms P called them to discuss her claim. Because of this I think it's reasonable that Allianz have offered to refund this amount. Their offer of an interest payment of 8% simple plus £75 for mistakes in their final response letter are also reasonable. So, I agree that the offer made globally for the issues identified are enough to put things right.

Ms P's remaining complaint is in respect of the policy premiums she's been charged since 2013. It's unfortunate that Allianz aren't able to offer the same level of evidence for previous policy years than they have for the latest two. The information Allianz have provided for the latest two policy years show that the premiums have been calculated correctly when taking into account the base premium, the age, breed, gender and other factors of Ms P's pet. There are calculations showing how these factors have been applied. And I'm satisfied that on balance, the same set of factors would have been applied to another consumer with the same risk factors in the same position as Ms P.

What I don't have is the same information for the policy premiums charged between 2013-2022. Allianz say that there are limitations on their system, preventing them from providing this information, but they have provided a statement from their pricing expert supporting that the calculations for the previous years would have been made in the same way. Whilst I have no reason to disbelieve what Allianz say, I'm not satisfied that they have provided me with enough evidence to support their position. Because of this it's simply not possible for me to determine that Ms P's policy premiums between 2013-2022 were charged correctly. I do however accept that we wouldn't necessarily expect Allianz to have data going back to 2013, given the length of time that has elapsed since then. That said, if they had been able to give us more information about premium calculations going back in time than they had, we might have been able to conclude that the historic increases were likely to have been calculated correctly. But as they haven't been able to do this, I haven't been able to conclude, on balance, that this was the case.

That said I also can't say that they weren't. Because of this the only determination I can make is that the lack of evidence on this issue would no doubt have caused Ms P both

stress and frustration because Service can't be satisfied that her premiums have been correctly calculated from 2013-2022. Because of this I agree that Allianz should put things right in the way I've directed below.

### **Putting things right**

Allianz should pay Ms P:

- £242.44, plus 8% simple interest in accordance with their offer.
- a total of £200 in compensation for the distress and inconvenience caused to her in respect of the final response letter and the fact that they weren't properly able to evidence they'd calculated the pricing of her policies between 2013-2022 correctly.

### **My final decision**

For the reasons set out above, I uphold Ms P's complaint against Allianz Insurance Plc and direct them to put things right in the way that I've set out.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 17 May 2024.

Lale Hussein-Venn  
**Ombudsman**