

The complaint

Mrs H complains that Allianz Insurance Plc trading as Petplan changed her pet insurance policy by adding a co-payment to be deducted from claims and says she wasn't aware this would happen.

What happened

Mrs H took out insurance for her pet dog in September 2012 and renewed it each year. At the renewal in September 2023, Allianz introduced a co-payment. This meant that when Mrs H made a claim she had to pay an additional 20% of the value of the claim on top of the normal policy excess. She was unhappy about this and complained.

Allianz said the policy terms allowed it to make changes and it had told Mrs H at the renewal in 2022 this would happen, so she had been given 12 months' notice of the change. But it accepted she had been upset to find out there was now a co-payment she had to make towards a claim and paid her compensation of £100 for the distress caused by this.

When Mrs H referred her complaint to this Service, our investigator said:

- the policy terms allowed Allianz to make changes;
- the policy documents sent at each renewal explained that, once her pet reached 10 years old, a co-payment would be added; and
- she had been given 12 months' notice of the change.

So she thought Allianz had acted fairly.

After considering further comments from Mrs H, the investigator said

- She accepted the information provided when Mrs H first bought the policy wasn't clear and Allianz could have done more to let her know about the co-payment that would be introduced at age 10.
- But Mrs H wanted lifetime cover, it's common for a co-payment to be introduced as pets get older, and it was unlikely Mrs H would have acted differently if she had been given clearer information.
- The compensation of £100 paid to Mrs H was fair.

Mrs H remains unhappy and so the complaint 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.

When it sold the policy to Mrs H, Allianz had a responsibility to ensure she was given appropriate information about the insurance so she could make an informed decision about whether to buy it. At renewal, Mrs H should be told about any significant changes. And any information provided should be clear, fair and not misleading.

The policy terms allow Allianz to make changes at renewal. But when it has made a change, I can consider whether it treated Mrs H fairly. This was a lifetime policy, so Mrs H expected her pet to be covered for its lifetime. With this type of policy, it might not be fair for an insurer to make changes to the policy if they fundamentally change the nature of the cover provided. But I don't think that is what's happened here.

Once Mrs H's pet reached 10 years old, she had to make a payment of 20% towards the cost of a claim. But the cover itself didn't change – her pet was still covered in the same way but she had to pay a higher contribution to the cost of a claim. This didn't make a fundamental change to the cover being provided and I don't think it was unfair in itself.

Mrs H says it was misleading to call this 'cover for life' if that isn't what she gets. She does still have cover for life, it's just that she needs to pay a higher contribution to the cost of any claim.

But Mrs H should have been given clear information about how her policy would work. As this is a lifetime policy, that would include clear information about the long term costs. Looking at the information provided when she bought the policy, I think it could have been clearer. The documents did say Allianz could make changes but didn't draw to Mrs H's attention what would happen with the co-payment.

Having said that, she was given information at each renewal. The Insurance Product Information Documents (IPID) at each renewal since 2019 highlighted the restrictions on cover which included the excesses payable and how these can change. It explains Allianz typically introduces a 20% additional excess following the pet's 10th birthday and she would be notified at least a year in advance of any changes.

When Mrs H called in November 2022 to query the excess on a recent claim, she told Allianz she didn't check her emails regularly and arranged for correspondence to be sent by post in future. This was arranged and the 2022 renewal documentation was re-issued by post.

The 2023 renewal documentation confirmed an additional 20% payment was required for each claim on top of the excess.

Although Mrs H could have been given clearer information when she bought the policy, she was informed about the co-payment well in advance of when it was introduced. But I appreciate it was upsetting to find out she would have to make this payment on top of the excess.

I've thought about the impact of this. I think it's clear Mrs H wanted lifetime cover for her dog. A co-payment is very common in pet insurance for older pets - most, if not all, policies have this. Even if Allianz had explained things more clearly when she bought the policy, it's unlikely Mrs H would have been able to find another policy which didn't include this.

If Mrs H had been given clearer information it's likely she would still have gone ahead. And if she had gone elsewhere, it's likely she would in any event have found herself in the same position she's now in. Although she was upset to find out about the co-payment, Allianz has paid compensation of £100. Taking into account the fact I think she would have ended up in this situation anyway, I think that's a fair sum to recognise the distress caused.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 7 June 2024.

Peter Whiteley
Ombudsman