

## **The complaint**

Miss M complains that ManyPets Ltd (ManyPets) mis-sold her the pet insurance policy she purchased for her dog.

## **What happened**

Ms M took out a lifetime pet insurance policy with ManyPets Ltd in August 2022.

In July 2023, Miss M received her renewal documentation for 2023, she said the premium had increased from £403.18 to £725.23. She was unhappy with how much it had increased by, so she made a complaint to ManyPets.

Miss M says she tried to make herself as informed as possible about the policy before she purchased it. But she feels ManyPets didn't share all the information about the policy as it should have. She says she asked the advisor if there was any indication of what kind of premium increase to expect and he said he couldn't know exactly but it would be fair.

ManyPets said when Miss M called on 2 August 2022 and spoke to the advisor, they discussed future premium increases. He explained that various factors affected premium increases and it wasn't possible to predict future costs. She purchased her policy online on the same day for the policy to commence on 6 August 2022. As part of the online sales process, Miss M confirmed she understood that policy premiums could be subject to increases and that certain factors can significantly affect insurance costs. ManyPets said its advisor answered Miss M's questions correctly and customers are informed during the sales process that costs are likely to increase each year and can be impacted significantly.

Our investigator looked at the complaint and partially upheld it. She didn't think ManyPets managed Miss M's expectations properly about future premium increases based on the type of policy she took out. She recommended that ManyPets pay Miss M £200 for the distress and inconvenience caused to her. She thought it was likely Miss M would have purchased the policy anyway, so she didn't think the policy was mis-sold to her.

ManyPets disagreed with the investigator's findings and asked for the complaint to be referred to an ombudsman.

In summary, ManyPets says:

- Information at the point of sale was clearly outlined to Miss M in the online policy declarations and it believes it has acted fairly.
- Miss M was clearly informed that the premium could increase significantly and if anything, ManyPets' advisor gave Miss M more information than others as the advisor correctly advised in the call that future costs couldn't be predicted. This goes some way to expressing that it can't promise a fixed increased amount and that future amounts could be anything.
- ManyPets gave examples of previous cases this service has looked at because it didn't think we'd look at the complaint fairly.

## 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.

I note, following the renewal information she received, Miss M also made a complaint to the policy insurer about the premium increase. However, I confirm that I can't comment on any aspect of this complaint. I'm only looking at what's happened on this complaint.

Miss M says the pet insurance policy she purchased was mis-sold to her. She says she called ManyPets to ask about any potential premium increases at renewal before she made the purchase online. She was told any future increase in premium would be fair.

The key issue, in dispute here, is the information that Miss M was given during the telephone call. I've therefore considered what information she was given and listened to the call she had with ManyPets prior to purchasing the policy.

Miss M has a lifetime pet insurance policy. This type of policy is more comprehensive than other types of pet insurance and they can therefore be more expensive. The cost will almost certainly go up each year and as the pet gets older, there's more risk of a claim. Other factors can contribute to price increases such as increased vet costs, changes in insurance premium tax and other underwriting changes. And many policies are claims-loaded which means the cost will increase if claims are made. These yearly increases can be significant.

Our general approach to complaints about price increases is that it's not for us to tell an insurer to change the premium, excess or other features of the policy at renewal. Most consumers have understood that the premium would usually go up each year and it would go up if they made a claim. But it's often the size of the increase that takes them by surprise.

I've considered what happened when Miss M took the policy out. As already mentioned, Miss M purchased the policy online following a call she made to ManyPets on the same day. She called ManyPets as she wanted to find out by how much the premium would increase each year. Following the call, she completed the purchase of the policy by reading and agreeing to a set of policy declarations. ManyPets says its advisor correctly explained to Miss M that premiums can be subject to increases and certain factors can *significantly* affect the costs. And Miss M says she wasn't informed that the premium would increase so much; the premium increased by 80%.

The call took place on 2 August 2022. Miss M said she was taking out a new pet insurance policy and she wanted some idea of the premium increase at renewal. Miss M said she was at the check-out point to purchase the policy online.

The advisor explained that there were some factors such as the age, the breed, the pet's health, where the pet is located, the purchase price of the pet and any claims made that would affect future premiums. Miss M asked what the average increase would be at renewal, and the advisor said it was hard to tell what the following year's premium would be and general information about the increase would be provided at the time of renewal. Miss M also asked if the premium went up an unusual amount the following year, whether she'd be able to get a breakdown telling her why. The advisor said no specific information would be provided but general information would usually be provided.

The advisor asked which policy Miss M was looking to purchase and she confirmed the policy with £7,000 cover and £130 excess. They discussed additional add-ons on the policy and Miss M said she would go and have a look at this again online. The advisor confirmed the add-ons would be at an extra cost.

Where a policy is purchased online and no advice was given, the relevant rules and guidance require insurers to give consumers clear, fair and not misleading information so they can make an informed choice about the insurance they were buying. For policies such as Miss M's, it was clear that information about the long-term costs of the policy would have been important to her, and this is evidenced in the call. She informed which type of policy she was looking to take out. This should therefore have been highlighted to her in the call.

ManyPets says when Miss M took the policy out, it provided a declaration which let her know how the premiums might increase. And this would have been outside of any other factors which might increase the premium. The declaration stated the following:

*'Policy declarations*

*[...]*

*7. I understand the price of my insurance is likely to increase each year. Things like pets getting older, my claims history and more sophisticated vet treatments becoming available can significantly affect insurance costs.'*

I appreciate that the declaration Miss M agreed to would have provided her information about premium increases. However, whilst we don't expect insurers to tell a consumer exactly what their future premiums will be because they couldn't necessarily know and this information is commercially sensitive, we do expect insurers to inform consumers about what they do know so they can make an informed choice about the insurance. With the type of pet insurance policy Miss M took out, we would expect insurers to clearly highlight:

- The premium will almost certainly increase year on year and as the pet gets older, these increases can be significant.
- Claims will likely impact the level of these increases.
- Increases aren't capped and there's therefore no limit on how much the policy might increase by.
- It's a likely a co-payment will be introduced when the pet reaches a certain age.

Having listened to the call and looked at the policy declaration Miss M agreed to, I don't think the information given to her was enough for her to have made an informed choice. It's evident that the advisor did answer Miss M's questions. But because the policy was a lifetime pet insurance, he was required to clearly highlight that the premium will increase each year at renewal, and it might reach a point where she couldn't afford to carry on with the policy. I can't see that he did this. And I also don't think, in the circumstances here, that the policy declaration went far enough to explain the specific nuances of the lifetime pet policy.

I've thought carefully about what I think Miss M would have done had she been given this information. She said in the call that she was at the check-out point and had questions about the premium increase at renewal. I think it's likely she would have gone ahead and taken the policy anyway as it was comprehensive, and this is what she wanted.

I think Miss M has suffered some distress and inconvenience as a result of ManyPets not giving her clear enough information before taking the policy out. And considering that her call to ManyPets was about the increase in renewal premium and that it increased by 80% from the first year's premium, I'm satisfied that £200 compensation for the distress and inconvenience caused is fair and reasonable in the circumstances here. Potentially, she may have to consider taking a different policy and any claims she may have made would impact any future policy she takes out.

ManyPets has referenced other cases our service has looked at. However, my role is to look at the individual merits of this case and base my findings on the circumstances of what's happened on Miss M's specific case. I can't comment on the other cases ManyPets has referred to.

Overall, taking everything into account, I'm not persuaded that ManyPets mis-sold the lifetime pet insurance policy to Miss M. But I do think ManyPets could have provided clearer information about the future premium increases based on the type of policy she was taking out. I'm therefore satisfied that £200 is fair and reasonable compensation in recognition of the distress and inconvenience caused to Miss M.

### **Putting things right**

ManyPets needs to put things right by:

- Paying Miss M £200 for the distress and inconvenience caused as outlined above.

It must do so within 28 days of the date we tell it Miss M accepts my final decision. If it takes longer, ManyPets must give Miss M a meaningful update setting out the timeframe when it will make the payment.

### **My final decision**

For the reasons given above, I partially uphold Miss M's complaint about ManyPets Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 9 September 2024.

Nimisha Radia  
**Ombudsman**