

## **The complaint**

Mrs L complains about the level of cover provided by her pet insurance policy with Royal & Sun Alliance Insurance Limited ("RSA") and about the premium she has to pay for that cover.

## **What happened**

Mrs L took out a pet insurance policy underwritten by RSA in September 2014. The policy provides lifetime cover for her dog, with a limit of £3,000 that can be claimed each year for vets' fees. She renewed the policy each year.

In March 2024, Mrs L's dog had a serious illness and needed treatment. She made a claim for treatment costs, which were around £5,000. RSA paid the claim up to her policy limit of £3,000, which meant Mrs L had to pay the rest of the costs herself. She said she hadn't been able to find her policy documents, so wasn't aware the policy limit was still £3,000.

Mrs L complained that the policy limit should have increased over the years in line with inflation, and was also unhappy that her premiums had gone up but her policy limit had stayed the same. She said she could get a cheaper policy, with a higher level of cover, as a new customer.

In its final response to the complaint, RSA said:

- The policy documents sent to Mrs L each year clearly stated the policy limit.
- From 2017 onwards, the renewal letters asked her to check the level of cover and to get in touch if she wanted to discuss any changes.
- The 2023 renewal letter said RSA had a newer product that might be better for her, provided information about cover levels and premiums, and again invited her to call if she wanted to discuss making any changes.
- It had not raised the cover levels in response to inflation, which would affect the premiums, but had introduced additional cover options to address this issue.
- The premium for a new policy was likely to be lower, as it would not include cover for any existing conditions or anything that started in the first 14 days of the new policy.

Mrs L remained unhappy and referred her complaint to this Service but our investigator did not think it should be upheld. She said RSA had provided clear information about the level of cover available and Mrs L had never asked for this to be increased, and she was satisfied the increased premium had been calculated fairly.

Mrs L provided further comments which the investigator considered, but these didn't lead her to change her view. So the complaint has been passed to me.

In summary, Mrs L says:

- Vets' fees have increased a lot since she took out the policy and the cover provided by the policy has not increased in line with this, so it's no longer fit for purpose.

- An existing customer should not be treated differently from a new customer – she's getting less cover but paying a higher premium than a new customer, which seems unfair.

### **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.

It was very upsetting for Mrs L that her policy didn't cover all of the treatment costs and she was left in a very difficult position as a result. I've considered her comments carefully but I don't think RSA has been at fault in relation to the cover provided or the premiums charged for this. I'll explain why.

Mrs L's policy provides cover for vet's fees up to a limit of £3,000 per year and as long as she renews her policy, that limit se-sets each year. Policies that provide ongoing cover for conditions in this way are likely to be more expensive, as the risk increases each year.

Insurers should provide information that's clear, fair and not misleading and I'm satisfied RSA did this.

The policy documents explain that the premiums will increase each year and it's important to budget for this as the premium will increase over time. The documents also clearly stated that the cover limit was £3,000. So Mrs L was aware this was the most she could claim in any one year.

At each renewal, an insurer will set out the renewal terms on offer and it's up to the policyholder whether to accept them. From 2017 onwards, the renewal letters asked Mrs L to check the level of cover and to contact RSA if she wanted to discuss any changes. At the 2023 renewal – the most recent before her claim – the renewal letter said there was a newer product that might be better for Mrs L, provided information about cover levels and premiums, and again invited her to call if she wanted to discuss making any changes. I think RSA provided enough information for Mrs L to understand the cover on offer and decide whether to accept it or discuss making any changes.

I wouldn't expect an insurer to increase the level of cover automatically every year. If the cover level went up, the premiums would also have to go up, to cover the increased risk.

Insurers are entitled to assess the risk and decide how much to charge for the insurance cover they provide. It's up to them how much they increase their premiums and I don't have the power to tell an insurer how much it should charge. I would in effect be telling a business how it should operate, which is not my role.

What I can do is look at whether a customer has been treated fairly. So I have considered how RSA decided to set the premium, and what factors were taken into account when doing this.

RSA has provided information about the rating factors it uses. There was a reassessment of risk based on a combined rating for a number of rating factors. This will include the individual's circumstances together with factors such as claims and inflation. So it is based on the presentation of risk, which is what I'd expect.

RSA has taken into account the relevant risk factors for Mrs L's pet and applied these in line with its usual assessment of risk. Her pet's age was an important factor.

I appreciate it was upsetting for Mrs L to see a large increase in the premium, but I'm satisfied RSA calculated this in line with its assessment of risk, using the same factors as it would for anyone else in the same position. So I don't consider it has treated her unfairly. And the information provided about her policy explained that the premium was likely to increase in this way each year.

Mrs L was able to get a quote for a new policy with a higher level of cover but a lower premium. She says she's getting less cover but paying a higher premium than a new customer, which seems unfair. But a new policy wouldn't provide cover for any existing conditions, or for any condition that started in the first 14 days of the new policy, whereas her existing policy covered her for any existing conditions. So to that extent there would be less cover provided, and the risk to the insurer would be lower.

### **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 L to accept or reject my decision before 29 October 2024.

Peter Whiteley  
**Ombudsman**