

## **The complaint**

Mr B complains about the increase in premium for his pet insurance policy with Royal & Sun Alliance Insurance Limited ("RSA").

## **What happened**

Mr B took out pet insurance for his dog in April 2023. The premium for 12 months' cover was £233.18. When he received his renewal notification in 2024, this said the premium would increase to £394.43.

Mr B complained about the increase. He said he had shopped around online and found another policy for £219.15. He didn't think it was fair that an existing customer should be charged more than a new customer.

In its response to Mr B's complaint, RSA explained that various factors would affect the premium including inflation, the pet's age, any claims made and the risk of further claims. And his existing policy would provide continuity of cover, which wouldn't be available with a new policy; it was unlikely any new policy would cover existing medical conditions.

Mr B remained unhappy and referred his complaint to this Service but our investigator said RSA had calculated the premium fairly, in line with its underwriting criteria.

Mr B disagrees and has requested an ombudsman's decision. He says:

- The two policies - his renewal quote and the 'new cover' quote he obtained - are based on exactly the same details, including inflation and the pet's age.
- The only difference would be pre-existing conditions or any claims he made on the previous year's cover – but his dog had no existing conditions and there were no claims, so this should not have such a large effect on the premium.

## **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's for an insurer to decide whether to offer cover and if so, on what terms and what to charge for that cover. It's not my role to tell an insurer how much to charge for a policy. That's a commercial decision for the insurer. What I can do is look to see whether a consumer has been treated fairly. So I've considered whether there's anything that shows Mr B was treated differently or less favourably than other customers.

The information RSA provided to Mr B explained that premiums were likely to increase at renewal, so he was aware of that. There was, however, a large increase in premium. I understand why Mr B might be concerned about it.

RSA has provided details of how its premiums are calculated. I can't share that information, which is commercially sensitive, but I have considered whether Mr B has been treated

unfairly. Having considered the evidence provided, I'm satisfied Mr B's premium has been calculated correctly, and there's no evidence another customer of RSA in his position would be charged differently.

The main factors in calculating the premium include inflation and the pet's age. Those would be the same for a new customer. However, insurers may offer a lower price for new customers. With pet insurance, most policies don't include cover for existing conditions whereas if an existing customer's pet has developed any conditions during the policy year (even if they haven't claimed yet) those will be covered.

So renewing a policy provides continuation of cover, which isn't available when a new policy is taken out. That means the risk for the insurer is higher with existing customers than for new customers, and the level of risk affects the amount an insurer charges. And different insurers will assess risk differently, so may be able to offer different levels of cover, or different premiums.

I appreciate Mr B's concerns about why the renewal price was higher, but for the reasons given, I'm satisfied he has not been treated unfairly.

### **My final decision**

My decision is that I don't uphold the complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 31 December 2024.

Peter Whiteley  
**Ombudsman**