

## **The complaint**

Ms B's complaint is about an increase in her Royal & Sun Alliance Insurance Limited ('RSA') pet insurance policy premium from £1,347 to around £2,461.

Ms B feels this is unfair.

## **What happened**

Ms B took out a lifetime pet insurance policy with RSA in 2009 which she renewed each year thereafter.

In 2024 RSA offered to renew the policy on a new premium that was 83% higher than the previous year. Ms B says this is unreasonable particularly because the claims she made over previous policy years were for no more than about £650.

Ms B says she paid close to £9,400 in premiums over the years and was quoted an annual premium of £2,461 at renewal which is unfair. She feels it was wrong for RSA to retain the amount she has paid them over the years, which she considers was an investment into her pet's future, only to be provided with a quote she couldn't afford to renew.

RSA considered Ms B's complaint and explained the various risk factors which influenced her renewal premium to increase. But they also acknowledged that the premium increase would have come as a surprise to her and therefore offered her £300 in compensation to apologise for any upset or inconvenience this caused.

Our investigator considered Ms B's complaint and concluded it should not be upheld. Ms B does not agree so 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 don't uphold Ms B's complaint against RSA. I'll explain why.

The Financial Conduct Authority doesn't regulate on the prices insurers charge or the methods an insurer might use to calculate the price of an insurance policy. So, the Financial Ombudsman Service won't usually make any determinations about the way an insurer chooses to assess risk, the risk assessments it makes or the premium it charges to cover a certain risk. The only aspects that this Service can consider in relation to pricing are:

- Whether a policyholder has been treated differently to the way other consumers would be in the same circumstances.
- Whether the price being charged is based on the correct information.
- Whether a consumer is being given clear information to make decision with, such as whether to seek cover elsewhere.
- Whether a consumer who doesn't have the freedom to change insurers, and choose what premium to pay, has been treated fairly, taking into account the insurer's approach.

Given the limited nature of the issues we're able to consider in relation to the pricing of insurance policies, I've restricted the findings in my decision to these areas. Whilst I appreciate that this will be disappointing for Ms B, I won't be able to give her an answer on anything that falls outside of the points I've listed above.

Ms B held a lifetime pet insurance policy with RSA. It's important to point out that lifetime pet insurance policies are more comprehensive than other types of pet insurance so they can be expensive, and the cost will almost certainly go up each year as the pet gets older and there's more risk of a claim. Other factors can contribute to prices increase such as increased vet costs and other changes in underwriting by insurers.

Insurers constantly update how they rate the risk of offering insurance, and their rates continually change. In this case RSA has provided the Financial Ombudsman Service with confidential business sensitive information to explain how Ms B's price increase was calculated. As the investigator explained, we can't share that with her, but I have checked it carefully. Having done so I'm satisfied that the price she was quoted has been calculated correctly and all of RSA's customers in the same position will have been charged a similar premium.

In Ms B's specific case, I can see that the most significant impact on the price of the policy was her pet's age and previous claims which cumulatively were considered to present a higher risk to RSA. That combined with the general reassessment of risk across the insurance product RSA were offering, led to the policy premium that Ms B was offered. Having considered the details contained within RSA's renewal documents and in the absence of any evidence to the contrary, I'm also satisfied that the price that was offered to Ms B was based on the correct information for the pet.

I know Ms B might have felt that RSA didn't give her enough information to justify the reasons for the increase in her policy premium. I appreciate she might have wanted RSA to share how her price increase was calculated specifically, but for the reasons I've mentioned, I don't think they needed to. We wouldn't expect an insurer to give customers a breakdown of the calculation they've applied. In this case RSA did explain the risk factors that led to the price of the policy increasing. And I think Ms B had enough information to decide whether she wanted to renew the policy or seek insurance cover elsewhere.

Although I note this was a lifetime pet insurance policy - which means that as long as Ms B renews the policy, she can claim up to the vet fee limit each year and the policy will continue to cover long term or recurring illnesses - I haven't seen anything which supports that her freedom to change insurers was restricted. Whilst doing so would most likely have meant that cover for long term or reoccurring illnesses would not be covered, she could have chosen not to renew and gone elsewhere. It is of course possible that based on her pet's age another insurer might not have been prepared to offer cover, but I haven't seen any evidence to support this, so I can't say no alternative cover would have been available. I appreciate that Ms B has chosen not to renew her policy given the cost of it, but this doesn't mean she didn't have the freedom to go elsewhere, although I acknowledge this might have been in circumstances she considered less favourable.

When determining this complaint, I have taken on board what Ms B has said about the fact that she couldn't have expected such a steep premium increase when she took out the policy. When I'm looking at a complaint about the premiums of a lifetime pet insurance policy increasing, I need to look at the information the consumer was given when they bought the policy, to see how clearly the long-term costs of the policy were explained when Ms B was deciding whether to enter into the insurance contract.

RSA haven't been able to provide the policy information supplied to Ms B when she took out

the insurance with them in 2009 because it is no longer available, but they have acknowledged that the increase in premiums may well have been unexpected. They've offered her £300 in compensation as an apology for this. When determining whether that amount is fair, I've considered that it was likely Ms B would still have taken out the cover even if she'd been told the premiums could, like all lifetime insurance policies, increase considerably as her pet got older and claims were made. And given the type of insurance she selected was lifetime cover and not some other more time limited product, I think this type of insurance was important to her. As such I think the offer of compensation RSA offered for the distress Ms B suffered at renewal when discovering the premium increase is appropriate and accords generally with our award limits.

Turning now to Ms B's assertion that she feels the premiums she invested to date have not paid off. I understand the point she's making but the purpose of insurance is to cover something that may or may not happen. And in the absence of anything significant happening it's common for a policyholder to pay more for the cost of the premiums than they might claim for particularly as the pet gets older. That isn't something we consider to be unfair but rather a common feature of insurance generally. In return Ms B was provided with the peace of mind and cover for the policy years she was insured to protect her pet against illness and injury on an ongoing basis and in accordance with the policy terms.

I appreciate that Ms B will find my decision disappointing, but I hope I've provided her with a thorough explanation about why I won't be upholding her complaint.

### **My final decision**

For the reasons set out above, I don't uphold Ms B's complaint against Royal & Sun Alliance Insurance Limited

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 6 March 2025.

Lale Hussein-Venn  
**Ombudsman**