

The complaint

Mr H is unhappy with the premium Royal & Sun Alliance Insurance Limited said it would charge at renewal of his lifetime pet insurance policy.

What happened

In 2023 Mr H took out pet insurance with RSA covering his two dogs. The annual premium was around £226. At renewal in September 2024 RSA said the premium would increase to around £371. Unhappy with that Mr H complained (and cancelled his policy). RSA explained the factors that had been taken into account in calculating the premium and said it was satisfied this was correct.

Our investigator said RSA had calculated the renewal price of the policy in line with its underwriting criteria. He thought Mr H had been treated the same as other customers with the same circumstances. Mr H didn't agree. He said it was agreed when his dogs reached the age of eight the premiums would go up but they were only two and three years old at the 2024 renewal. He didn't think a premium increase of 64% in a year was acceptable and highlighted the impact that had on him. So I need to reach a final decision.

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.

Often the cost of insuring a pet will increase each year as the pet gets older and the cost of medical treatment rises. Standard pet insurance policies usually won't cover any medical conditions the pet had or had received treatment for when the policy was taken out or renewed. So recurring medical conditions won't be covered. But some pet insurance policies, like the one Mr H took out, will continue to cover medical conditions claimed for in previous years, provided the policy is renewed each year.

Insurers are entitled to decide how much to charge for the insurance cover they provide. It's up to them how much they increase their premiums by and it's common for the percentages of increase to vary from year to year. I don't have the power to tell a business what its insurance should cost. I would be, in effect, determining or telling a business how it should operate – and that's not my role.

So I can't say the renewal cost of Mr H's policy was too high or that he should have been charged less for it. And while I appreciate that at renewal in 2024 his premium did increase by a significant amount RSA has explained in general terms the reasons for that and what's driven that change. I've reviewed the underwriting information it's provided to us (which show the rating factors that led to it and some further explanation of them). I'm satisfied it's based its decision on correct information (taking into accounts things like the pet's breed, age, gender and location). I'm also satisfied the factors applied are the same as would apply to any other customer in the same position as Mr H.

Mr H says that while he accepted his premium would likely go up when his dogs reached the age of eight they are many years off that age at the moment. I recognise that, on the face of it, an older dog might be expected to be a higher risk than a younger one as it could be at more risk of developing medical conditions. But I think there could also be risk factors associated with younger dogs that could lead to a higher premium being charged as they could be more susceptible to picking up illnesses and disease.

And while Mr H suggests there was an agreement a higher premium would only be charged from the age of eight that isn't what his policy says. It says *"the price of your insurance will rise at renewal as your pet gets older. In fact our claims data shows that the cost of looking after your pet's health doubles every four to five years."* It doesn't say those increases will only start from the age of eight. I appreciate the renewal documentation did reference the potential for the policy excess to increase at the age of eight but that doesn't mean the premiums wouldn't do so until that point.

As RSA was responsible for arranging this policy, I've also considered what information it provided to Mr H when it was sold. Given Mr H was taking out a policy offering lifetime cover I think RSA needed to make clear to him the longer term cost implications of taking out a policy like this. So he needed be aware, for example, that premiums would almost certainly increase significantly as his pet got older, claims would impact the level of those increases and there was no limit to how much the cost could increase by.

I've seen copies of the information Mr H was provided with at the time which include a paragraph headed *"Why do pets cost more to insure as they get older?"* That says *"Like us, as pets get older, sadly they're more likely to get ill. In fact our claims data shows that the cost of looking after your pet's health doubles every four to five years. That's why your renewal price increases each year and your excess may increase when your pet turns 8. A claim being paid also increases the chance that a future claim will be made and can therefore also cause your renewal price next year to double. It's important you budget for renewal prices to increase as your pet gets older. How much they go up is different for everyone and depends on things like your pet's breed, their age and health, and there is no limit to how much your renewal price can increase over time."*

I think that would have made clear to Mr H the cost of his policy was likely to increase significantly over time and that there was no limit to how much that increase could be. So I think he did have the information he needed to decide if this policy was right for him. I do understand Mr H nevertheless found the increase at renewal in 2024 very upsetting and that led him to cancel his policy. I was sorry to learn about how distressed he was by that. But for the reasons I've explained I don't think that's because of anything RSA got wrong.

My final decision

I've decided not to uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 30 April 2025.

James Park
Ombudsman