

## **The complaint**

Ms M complains that HDI Global Specialty SE (“HDI”) mishandled her pet insurance policy.

## **What happened**

Ms M had a female dog, born in 2018.

From June 2023, Ms M took out a “lifetime” policy to cover her dog. The cost for the first year was about £200.00 (about £16.00 per month).

The policy was branded with the name of a members’ organisation and administered by an insurance intermediary associated with that organisation.

An insurance company other than HDI was responsible for setting the premium and dealing with any claim. I may refer to that insurance company as “the 2023/2024 insurer”.

Unfortunately, an accident injured the dog and Ms M made a claim under the policy.

HDI became responsible for setting the premium for the policy renewal from June 2024.

Much of the complaint is about acts, omissions and communications involving the intermediary. Insofar as I hold it responsible for them, I may refer to them as acts, omissions and communications involving HDI.

HDI quoted about £380.00 (about £32.00 per month) to renew the policy from June 2024.

Ms M complained to HDI about the increase (and about other points).

By a final response dated 26 June 2024, the intermediary turned down the complaint about the increase.

Ms M brought that complaint to us in mid- October 2024. She asked us to direct the insurer to reduce the premium.

Our investigator dealt with the complaint as a complaint against the 2023/2024 insurer.

Our investigator didn’t recommend that the complaint should be upheld. She was satisfied with the complaint response.

Ms M disagreed with the investigator’s opinion. She asked for an ombudsman to review the complaint. She says, in summary, that:

- The policy did not say there might be a 100% increase in the premium.
- If she wants to insure her dog, she is tied to the HDI policy as no other insurer would cover pre-existing injury or illness.

- She has made a further claim and is concerned that the insurer might double the premium again.

### **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 as 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 W took out, will continue to cover medical conditions claimed for in previous years, provided the policy is renewed each year. These are sometimes referred to as lifetime policies, as ongoing or recurring conditions will continue to be covered for the lifetime of the pet if premiums carry on being paid.

The yearly cost of these lifetime policies can go up significantly at renewal, particularly if a claim is made. And there is no limit to how much the premium could be.

HDI wasn't responsible for the sale of the policy in 2023. Nevertheless, I've noted that the policy included the following:

*"Like humans, our pets are more likely to be affected by illness as they get older. This means that every year your insurance premium will increase even if you haven't made a claim. This increase will be significant if you have claimed."*

So, notwithstanding that it was a "lifetime" policy, Ms M ought reasonably to have known that the cost would increase each year, particularly if she made a claim.

Different insurers assess risk and set premiums in different ways at different times. 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 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 Ms M's policy was too high or that she should have been charged less for it.

Whilst I appreciate that at renewal in 2024 her premium did increase by a significant amount, HDI has explained in general terms the reasons for that and what's driven that change.

I've reviewed the underwriting information it's provided. I'm satisfied it based its decision on correct information (taking into account things like the pet's breed, age, gender and location). I'm also satisfied that the factors applied are the same as would apply to any other customer in the same position as Ms M.

I'm satisfied that HDI set the renewal premium for Ms M correctly and in the same way it would've done for any other policyholder in the same position. So I can't tell it to charge a lower premium going forward.

**My final decision**

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct HDI Global Specialty SE to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 20 May 2025.

Christopher Gilbert

**Ombudsman**