

The complaint

Mr T has complained about the price HDI Global Speciality SE has charged for his pet insurance policy.

What happened

The circumstances aren't in dispute, so I'll summarise the main points:

- In 2014, Mr T took out a pet insurance policy for his dog, through another party, P. It renewed annually and, in 2019, HDI became the underwriter. From that time, P was acting on HDI's behalf. So I'll refer to them as if they are HDI for simplicity.
- The policy continued to renew annually and no claims were made. Ahead of the 2024 renewal, HDI told Mr T it would increase the premium by around 50%. Also, Mr T noticed his dog's date of birth was wrongly recorded – and correcting it increased the premium further. HDI applied a discount to reduce the premium, but it remained around 50% more than 2023. Mr T complained about the premium increase.
- HDI said Mr T had taken out a lifetime pet policy. That meant any ongoing conditions would be covered throughout his dog's lifetime – unlike many standard policies. As a result, premiums are usually more expensive than a standard pet policy – and they tend to increase as a pet gets older. Other factors also influenced the premium increase, such as the rising cost of veterinary treatment.
- HDI accepted it had a duty to let Mr T know that premiums could increase significantly due to the nature of the lifetime cover – but it hadn't done so as early as it should have. To recognise the trouble and upset this caused Mr T, it paid £75 compensation. But it said the premiums were correct and wouldn't be reduced.
- Our investigator thought HDI had acted fairly by recognising its mistake and paying a reasonable amount of compensation in the circumstances.
- Mr T disagreed, so his complaint has been passed to me.

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 won't be upholding this complaint. I'll explain why. There are a number of points to consider, so I'll take each in turn.

2024 premium increase

- Each insurer is entitled to take its own view of risk and, based on that, what price to charge for providing insurance to a particular policyholder.

- HDI thinks Mr T is more likely to make claims for his dog as they age. And there are other factors, such as increased treatment costs, which mean any such claim is likely to be more expensive. So it's taken these things into account within its premium calculations – and that's led to an increase of around 50% at the 2024 renewal. I think Mr T accepts it's fair in principle for the premium to increase. But it's the *extent* of the increase that he doesn't think is fair.
- The evidence I've seen from HDI satisfies me it's checked the 2024 premium increase and there weren't any calculation errors. And the increase was also in line with the way HDI calculates premium changes for all policyholders, so Mr T has been treated no differently. It's for HDI to decide what premium it needs to charge to account for a risk, and I'm satisfied it's done that in line with its general view of risk.
- As a result, I consider the premium increase was fair and reasonable in the circumstances.

Communication

- At the 2020 renewal, HDI told Mr T his premium would increase each year – even if he didn't make a claim. And, when a claim was paid, his premium would increase significantly. He was told something similar at each subsequent renewal. So I'm satisfied HDI was clear with Mr T about what he could expect from 2020.
- HDI has conceded it should have given Mr T this kind of information sooner. I agree. If it had done this, Mr T would have been prepared for premium increases of the scale he saw in 2024. And he could have considered moving elsewhere if he didn't think a policy of this nature was right for him.
- Mr T maintained the HDI policy despite what HDI said from 2020. If he'd already made a claim by that time, the nature of lifetime policies and the wider pet insurance market may have meant he'd lose considerable cover if he changed insurers. But he hadn't made any claims by that time, so I think these warnings came early enough that Mr T could have considered moving to another insurer if he wished – without losing considerable cover.
- It's without doubt HDI should have been clearer earlier. I think that's caused Mr T a degree of distress and inconvenience. But ultimately it hasn't prevented him from moving to another insurer, without losing cover, if that's what he wanted to do. And he knew from 2020 that substantial premium increases, even without a claim, were to be expected. In these circumstances, I'm satisfied HDI's compensation payment of £75 is fair and reasonable, so I won't require it to pay anything further.

Incorrect date of birth

- In 2024, Mr T let HDI know his dog's date of birth had been wrongly recorded. It took the correct date of birth into account and the renewal premium increased.
- HDI applied a discount which cancelled out most of the increase brought about by the change of date of birth. But that nonetheless meant some increase remained – and in addition to the increase noted above.
- The age of a pet is a key factor for an insurer when weighing up the risk of providing pet insurance – so it can have a significant impact on the premium. When HDI was told the date of birth was wrong, I think it was fair for it to correct the date of birth and

adjust the premium accordingly. That meant the premium was based on correct information and reflected the risk HDI associated with the correct information.

- If HDI were at fault for this situation arising, I may consider it fair for it to pay compensation to reflect any distress and inconvenience caused. But I don't think it was. The date of birth was shown on the policy documents for a number of years, so Mr T had the opportunity to correct it earlier.
- Similarly, if the incorrect information meant Mr T had paid higher premiums than he should have done in earlier years, I may consider it fair to HDI to refund any financial loss caused by overpayments. However, the correct information increased the premium in 2024, when the policy was at its most expensive. So I think it's unlikely Mr T has suffered a financial loss because of the incorrect date of birth.
- Overall, I'm satisfied HDI acted fairly on this point.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 28 May 2025.

James Neville
Ombudsman