

The complaint

Mr H has complained that INTACT INSURANCE UK LIMITED unreasonably increased his premium for his pet lifetime policy.

Please note that Mr H's insurer recently changed its name to INTACT INSURANCE UK LIMITED hence why this decision is now set up against this name instead.

What happened

Mr H bought a lifetime pet policy for his cat in 2018 which provides cover for vet fees plus other benefits. When his policy renewed in November 2024, the monthly premium instalment had risen from £72 per month to £109.79 per month.

Mr H explained he already thought the premium instalment of £72 per month was high, but now this increase to £109.79 was essentially unaffordable. However, if he was to change providers, he would lose the benefits of lifetime cover as all pre-existing conditions would have to be excluded in any new policy. Mr H has made several claims for vet fees from INTACT. He also noted a new policy using the same details for his cat with INTACT would cost just £46.10 per month. So, he felt trapped and further felt he was being squeezed out of being able to afford this policy.

So, Mr H complained to INTACT who issued its final response letter on 6 January 2025. It explained that it told Mr H his premium will continue to increase as his pet gets older. However, the level of increase will depend on its view of the risk at each renewal. It appreciated that the extent of the premium increase caused Mr H a shock. So, for the shock element it decided it would pay Mr H £400 compensation.

Mr H remained unhappy as this £400 didn't adequately compensate or reimburse the extra premium he was expected to pay. So, he brought his complaint to us. The investigator was of the view that he wasn't treated differently to any other INTACT policyholder given similar circumstances. Therefore, no refund of premium would be appropriate. But she agreed that it could have done more at the time Mr H bought his policy to explain how the premium price would increase so substantially. On this basis she thought the compensation amount offered by INTACT was fair. Therefore, she didn't think Mr H's complaint should be upheld.

Mr H remained dissatisfied, so his complaint has been passed to me to decide.

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'm not upholding this complaint for much the same reasons as the investigator. I appreciate and understand that Mr H will be very disappointed, so I'll now explain why.

Essentially, it's a consumer's choice to buy insurance for their pet. Unlike something like motor insurance where there is legislation requiring you to have it in order to drive a car, there is no such legislation requiring a pet owner to have pet insurance. Obviously having cover for vet fees plus the other benefits in pet policies can be a reasonable thing to do as it permits any medical issues your pet might suffer from to be covered by the amount of benefit prescribed in the policy for the premium payment. Lifetime policies, unlike annual or condition limited policies, provide cover for any conditions which are ongoing or likely to reoccur year on year provided the policy is renewed each year. And the amount of benefit is reinstated each policy year too. Mr H bought lifetime cover for his cat in 2018 with cover for vet fees at £12,000 per year and it has renewed each year since.

Since at least 2020 INTACT provided an Insurance Product Information Document (IPID) which detailed the following:

'Pets cost more to insure as they get older as they're more likely to get ill. Once a pet has been ill, they're more likely to get ill again. That's why, if a claim is paid, the price you will pay next year can double and there is no limit to how much your renewal price can increase over time. It's important you budget for renewal prices to increase each year. How much they go up is different for everyone and depends on things like your pet's breed, their age and health. Your co-payment may also increase when your pet turns nine.'

This is also detailed in the policy document which for 2024 is at the beginning of the policy on page 8 under 'Understanding and using the policy' INTACT says the following:

'Cats and dogs like humans are more prone to illness as they get older and their likelihood of needing treatment increases.

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 nine, even if you haven't had to make a claim.

Unfortunately, once a pet has been taken ill, in general they're more likely to get ill again. That's why, if a claim is paid, the price you will pay next year can 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.'

So, I consider INTACT made a reasonable effort since 2020 in explaining that the premium for this lifetime policy which Mr H chose for his cat would invariably increase as his cat got older. And further, that any claims would also affect the premium price.

However, as the investigator explained as the Financial Conduct Authority doesn't regulate the pricing of pet policies (like it might regulate the pensions industry for example) that means this service can't tell INTACT or any other pet insurer how it should price or rate the risk which in turn provides the premium renewal price. I can see Mr H was hoping we could investigate the method by which risk is assessed and whether it was in keeping with the idea of a policy lasting a lifetime of a pet, which in a cat's case is often longer than a dog's too. But I'm afraid I've no authority to do that here.

What I can do and have done is to assess INTACT's underwriting guide to ensure it treats people in Mr H's circumstances the same and doesn't single anyone out and treat them differently to anyone else. And it does. Mr H's premium increase was properly assessed within these guidelines. This is commercially sensitive information, so I'm not authorised to share it with Mr H, but I have considered it in full. The main reason for the increase in premium was the claims made, and the types of claims made plus the increasing age of Mr H's cat.

Therefore, I consider INTACT has not singled Mr H out and treated him any differently to anyone else in similar circumstances.

Mr H said he's aware if he took out a new policy now for his cat, any pre-existing conditions wouldn't be covered going forward. Hence obviously the much lower monthly premium he found. However, if Mr H was to take out that policy now, he would have to pay his vet directly for any issues arising out of those pre-existing conditions which would obviously mean the prospect of having every claim met under his policy would reduce significantly. So, he would be paying a premium plus likely vet fees on occasion which couldn't be reimbursed by his policy. That could amount to a substantial outlay, nevertheless.

It's clear from what Mr H has said that he valued the premise of lifetime policies, so I think he would have still bought a lifetime policy. He was also told from 2020 that *'there is no limit to how much your renewal price can increase over time'*. Obviously now that his premium has indeed risen substantially, his feelings on the matter might well have changed considerably. But that is with the benefit of hindsight.

However, vet costs and indeed veterinary science (so more specialist treatments) are now available, along with the availability of emergency and referral vets has increased substantially since 2018. So, the typical market trends in vet costs has also very much increased substantially too. So, I don't necessarily agree the premium increases by INTACT is outside these general market trends either, as Mr H has said.

However, this service takes the view that given all these issues people like Mr H are obviously distressed their monthly premium has increased so substantially. It's clear INTACT only started to warn its customers from 2020, of the potential for premium increases. Therefore, as Mr H bought his policy in 2018, this warning doesn't quite go far enough to explain what it might mean, in reality. So, we expect insurers like INTACT to consider paying some compensation for this level of distress. INTACT did this here and offered to pay Mr H £400 compensation. It's compensation, only for the distress the premium increase caused. It's not meant to refund the premium increases.

Our approach to compensation is more fully detailed on our website. I consider the amount of £400 to be fair and reasonable as it's in line with our published approach on these matters. On that basis, I don't consider INTACT is required to do anything more.

My final decision

So, whilst I appreciate Mr H will remain disappointed, for these reasons, it's my final decision that I don't 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 13 October 2025.

Rona Doyle
Ombudsman