

The complaint

Mrs M's complaint is about the premium charged at renewal for her pet insurance policy sold to her by TICORP Ltd trading as Petsure.

What happened

Mrs M took out a lifetime pet insurance policy online to start in July 2023 to provide cover for her dog. The policy is underwritten by a separate insurer but was sold by Petsure.

When Mrs M received the renewal documentation in 2024 she says she was shocked that the premium had more than doubled, going from £397.25 to £839.27. She says this is despite her dog being young and only having two minor claims in the year.

Mrs M complained to Petsure and the insurer, as she is concerned that such increases will be financially unsustainable for her and she will not be able to afford the insurance in future.

Petsure said there had been an error when calculating Mrs M's renewal premium and a price cap should have been applied, so the 2024 renewal premium should have been £595.88 rather than the £839.27 quoted. Petsure apologised for this. Mrs M remained unhappy with the amount of the premium but Petsure says the policy document made sufficiently clear to Mrs M that the premiums would likely go up each year and does not accept it did anything wrong.

Petsure also said a further discount was applied, so the renewal price dropped to £550.98. However, I have not seen any documentation to confirm this.

Mrs M remained unhappy with Petsure's response, so referred her complaint to us. She also raised a complaint about the actual amount of the premium against the insurer, which has been dealt with separately.

One of our Investigators looked into the matter against Petsure. Having reviewed the matter, the Investigator did not think that the wording in the policy referred to by Petsure was enough to warn Mrs M of the extent that the premium could increase. The Investigator therefore recommended that Petsure pay Mrs M compensation of £200 for the distress and inconvenience caused when finding out the extent of the premium increase.

Petsure does not accept the Investigator's assessment. It says the policy documentation makes clear that the increase in premium at renewal may be large. Petsure says the word 'large' is easily understood and can mean a substantial or significant increase; and Mrs M was free to refuse the renewal and find cover elsewhere.

Petsure referred to policy documentation provided by other insurers, which either contain similar wording, or do not say anything about the potential for significant premium increases.

Petsure also says that if the outcome recommended by the Investigator is upheld, then it would set a precedent in the insurance industry that would significantly change the direction of insurance, premiums and compensation; and would require insurance companies to amend their policy wording and communicate these changes to customers.

As the Investigator was unable to resolve the complaint, it 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.

Those selling insurance have a responsibility to provide clear information about the cover being provided, the cost and any significant terms or conditions. Essentially, the information provided to the buyer must put them in a position to be able to make an informed decision about whether or not to take the policy. To fulfil this responsibility, we would expect a seller to explain clearly any significant terms, including the cost of the policy before the sale is completed. This may be verbally or by providing clear documentation.

The cost of insuring a pet will generally increase each year, as the pet gets older because the likelihood of claims increases and the cost of medical treatment rises. This is especially true of 'lifetime' policies such as the one Mrs M took out.

Most pet insurance policies won't cover any medical conditions the pet had, or received treatment for, when the policy was taken out or renewed, so ongoing medical conditions won't usually be covered. But 'lifetime' policies will cover any conditions on an ongoing basis for the rest of the pet's life, as long as the policy remains in force. This means there is a higher risk of claims being made and so the cost of providing this cover tends to be more expensive than other types of pet insurance on the market. And it means that the premiums can increase significantly at renewal. There is no limit to how much the premium could be, and we cannot impose one or require an insurer to reduce the premium. Different insurers apply different factors but they might include the claims history, the cost of vets in the relevant locality, and the age and breed of the pet, among other things.

Given the above, and that a lot of customers buying such policies will be intending to keep them for many years, we would expect those selling 'lifetime' policies to provide clear information about the cost of the policy to include the potential for significant increases in the price.

Petsure says that the policy document provided to Mrs M contained information about the potential for large premium increases at renewal and so it has met its obligations in this regard.

I have therefore considered the information provided to Mrs M when she purchased the policy in 2023. Page 40, of the 46 page policy document, says:

"Renewing your annual policy

Well send your renewal invitation at least 21 days before your renewal date. This will include your premium for the next year. Your policy will automatically renew unless you've told us you don't want it to. You can cancel the automatic renewal at any time.

We'll highlight any changes to your policy.

Premiums will increase on a lifetime policy. These increases can be large. This is because as your pet gets older, they're more likely to become unwell."

The Investigator considered the word 'large' would not necessarily be interpreted as meaning such a significant increase as occurred here. I tend to agree. While the word 'large'

could mean significant, I do not think the way the above section is worded makes sufficiently clear that the premiums could more than double in one year, or go up by over 50% in the first year (which is the increase after Mrs M's premium was adjusted).

In addition, the wording above suggests that the age of the pet is the only factor that would influence any price rises. It does not explain that other factors, such as claims made, location and breed of pet would be relevant. And, while it refers to the age of the pet, I do not think it highlights to a policyholder with a one-year old pet – such as Mrs M – that the first renewal at one year old would go up by the amount it did.

However, even if (for argument's sake) I am wrong about this, my consideration is not just about the clarity of the words used but when the information was provided and the prominence of it in the information given to Mrs M.

The requirements are that Petsure should have given Mrs M sufficiently clear information about the policy before the sale was concluded, in order that she could make an informed decision about whether to take the policy or not. The only mention of potential price increases is in the policy document. No evidence has been provided that this was given to Mrs M before she decided to go ahead with the policy.

In addition, as stated, the above reference to premium increases is on page 40 of a long policy document, under a section about renewing the policy. Therefore, even if it were provided to Mrs M before the conclusion of the sale, it seems to me she'd have had little reason to peruse the entire policy document to find this information. It could therefore easily be missed.

Petsure says it would not know the future premiums when a policyholder first takes out a policy, so it would not know if it needed to tell customers that it would double or not.; and if this complaint is upheld, it would affect all insurers. I acknowledge it would not know the exact amount that any future premiums would be but the issue is that the information it did provide did not make sufficiently clear the extent by which premiums could rise. The requirements about providing clear information about any policy being sold have been in place for many years. It was Petsure's responsibility to communicate the information required.

Mrs M was not expecting her premium to more than double in the first year and, even once the premium had been adjusted, it went up by 50% (an increase of almost £200) in one year, which I consider a significant amount.

As I think Petsure should have given Mrs M more and better information about the potential for significant increases in premium, I now need to consider the impact this has had on her, if any; and, if it did have an impact whether any compensation is warranted.

I think it is likely Mrs M would still have taken out the policy in 2023, even if she had understood the likely increases in premium, as she was happy with the cover provided for the premium for that year. However, I can see that the significant increase in premium in 2024 came as something of a shock to her and she is now concerned that she will not be able to continue the lifetime cover she thought she had in place.

If Petsure had given her more information at the outset about the likely increase in premiums, then she wouldn't have been so surprised by the increase. While Mrs M was able to go elsewhere for cover in 2024, this does not negate the impact of this in my opinion.

I therefore agree with the Investigator that some compensation is appropriate to reflect the distress and inconvenience this caused. Having considered everything, I am of the opinion that £200 is reasonable to reflect the fact Mrs M was not aware that the premium would go

up as much as it did.

My final decision

I uphold this complaint against TICORP Ltd trading as Petsure and require it to pay Mrs M the sum of £200 compensation for the distress and inconvenience caused by this matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 1 July 2025.

Harriet McCarthy
Ombudsman