

The complaint

Mrs B complains about Pinnacle Insurance Limited's increase in the premium for her pet insurance policy. My references to Pinnacle include its agents.

What happened

Mrs B has 'lifetime' pet insurance for her dog. The policy started in 2014 with Pinnacle taking over as the insurer in 2020. Previously another business, completely separate to Pinnacle, was the insurer.

At the 2024 renewal of Mrs B's policy the annual premium went up from £1,396.92 to £2,404.9, an increase of 72%. She complains about the increase and doesn't understand why it's gone up so much. She says she was expecting an increase but not to such a high amount. She feels forced to remain with Pinnacle because it's a lifetime policy. She wants Pinnacle to offer a discounted premium.

Pinnacle's final response letter to Mrs B set out the information it uses to calculate her policy premium. It appreciated large premium increases may come as a shock but it said it had told Mrs B in previous policy renewal letters that over the lifetime of the policy the premium increases may be significant to her. Pinnacle was sorry that Mrs B felt 'trapped' with this policy, which wasn't its intention, but it was unable to offer a new policy for dogs eight years or older (her dog was 10 years old at the time of the policy renewal).

Our Investigator was satisfied the renewal premium had been in line with Pinnacle's underwriting criteria. He noted that Pinnacle wasn't responsible for the information provided to Mrs B when the policy was sold.

But our Investigator considered that once Pinnacle had become the policy insurer it could have given Mrs B clear information around the premium increase being limitless, but hadn't done so until the 2024 policy renewal. Ultimately he recommended Pinnacle pay Mrs B £200 compensation for her trouble and upset due to the lack of clear information about the long term cost implications of her lifetime policy when it took over as insurer for the policy.

Neither Pinnacle nor Mrs B agreed with our Investigator's recommendation.

Pinnacle wasn't convinced that telling Mrs B any earlier that premium increases were limitless would have changed how she felt about the increase. It also said it had received Ombudsman's decisions on similar complaints where Pinnacle telling the consumer that premium increases could be significant was enough to decide the complaint in its favour.

Mrs B asked if there was anything we could provide to justify how Pinnacle had calculated the premium fairly. She added that if there was no limit then future premiums could increase so much they could be many hundreds of pounds a month. She's struggling to afford to pay the premiums now and the worry has caused her stress, anxiety and sleepless nights.

As there's no agreement the 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.

Mrs B has recently complained to us about the lack of information she was given by the insurer that sold her this policy. This decision isn't about that complaint, my decision is only about whether Pinnacle's price increase at the 2024 policy renewal was fair and reasonable.

Mrs B's 'lifetime' insurance policy for her dog gives cover for ongoing conditions for his lifetime, subject to the policy terms and limits, if she continues to renew the policy and pay the premiums. The yearly cost of these lifetime policies can go up significantly at renewal particularly if a claim is made. There's no limit to how much the premium could be.

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 as then I would be telling a business how it should operate, which isn't my role. That means I can't say the cost of Mrs B's policy at the 2024 renewal was too high or that she should have been charged less.

What I can do is look at whether Mrs B has been treated fairly. So I've considered how Pinnacle decided to set the premium and what factors were taken into account. I've also considered the information Pinnacle gave to Mrs B to see how clearly the long term costs of the policy were explained.

Pinnacle set out to Mrs B, in general terms, the reasons for the premium increase and what's driven the change (which includes: her dog's age, breed and sex; where she lives which could determine the amount of vet fees she might need to claim; the cost of claims; and claim history). I've reviewed the underwriting information Pinnacle's provided which shows the rating factors that led to the price of the premium. Our Investigator correctly explained to Mrs B that we can't share the underwriting information with her as it's commercially sensitive. But I'm satisfied Pinnacle based its premium decision on correct information. I think Pinnacle has treated Mrs B no differently from how it would have treated another policyholder in the same position.

The policy terms allow Pinnacle to change the premium on policy renewal. Mrs B expected her premium to increase each year but the scale of the increase in 2024 was a shock to her. I've looked at what information Pinnacle gave to her when it became the policy insurer and at renewals before 2024. It told her:

'It is important to know that your premiums are only fixed until each renewal, which means they are likely to increase as your pet gets older. Over the lifetime of your pet's policy, premium increases may be significant to you'.

Pinnacle says telling Mrs B that '*premium increases may be significant to you*' is enough information for her to make an informed decision as to whether the policy was right for her. It's referred to having some Ombudsman's decisions on other consumers' complaints, which it says supports its position. But Ombudsman's decisions generally aren't precedents and we make our decisions on the particular circumstances of each complaint.

I've considered the premiums Pinnacle charged Mrs B:

Policy year 2020/2021: £52.81 a month / £633.72 a year
Policy year 2021/2022: £66.01 a month / £792.12 a year

Policy year 2022/2023: £88.41 a month / £1,060.92 a year
Policy year 2023/2024: £116.41 a month / £1,396.92 a year
Policy year 2024/2025: £200.41 a month / £2,404.92 a year.

So the cost for Mrs B's dog's cover increased each year steadily before almost doubling at the policy renewal in 2024. Mrs B says she didn't realise there was no limit to the increase so as well as the worry of having to pay the large increase in premium now she fears what the future premiums will be.

I note that Pinnacle's policy renewal letter in 2024 changed the information it gave to Mrs B to:

'It is important to know that your premiums are only fixed until renewal, and you should expect them to go up every year. There is no limit to premium increases so these could be significant to you each year and over the lifetime of the policy. If a claim is paid on your policy your premium could more than double at renewal'.

From the evidence I've seen the 2024 policy renewal letter was the first time Pinnacle told Mrs B there was no limit to how much the premium could increase. I've considered Pinnacle's point that if it had told Mrs B earlier that the premium increases had no limit it wouldn't have changed how she felt about the increase. But as the 'no limit' message was given only when the policy premium nearly doubled I understand why this has particularly caused Mrs B a lot of distress and anxiety. I think it would have been reasonable for Pinnacle to have better managed her expectations, and Pinnacle amending the information it gave in 2024 suggests to me that it realised the information it had previously given Mrs B could be improved.

I think it's fair for Pinnacle to compensate Mrs B for her distress and inconvenience it's caused. Taking all the circumstances into account I'm satisfied that £200 compensation is a reasonable amount for Pinnacle to pay.

I'm sorry Mrs B feels 'trapped' in the policy but as I've explained above I can't tell Pinnacle that it must reduce the premium. When she receives the 2025 policy renewal information, if she wants to continue to insure her dog, she'll have to make the choice whether to continue the policy or insure him elsewhere. She's aware that if she takes out a new policy most pet insurance policies don't include pre-existing conditions.

My final decision

I partly uphold this complaint and require Pinnacle Insurance Limited to pay Mrs B £200 for her distress and inconvenience it's caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 16 September 2025.

Nicola Sisk
Ombudsman