

The complaint

Ms S complained that Great Lakes Insurance SE unfairly and unreasonably increased her premium for her pet policy.

What happened

Ms S took out her lifetime pet policy for her dog in September 2021, which was sold to her by an intermediary who administers the policy on behalf of the underwriter Great Lakes. Ms S said she chose this policy as it came highly rated, and it promised 'you will never pay more than a new customer when you renew.'

Ms S said that at her first renewal in August 2021 her premium amount to be paid in monthly instalments decreased from £22.40 per month to £20.70 per month.

Ms S said that in March 2022, she received an email from the intermediary saying it was changing its name. Crucially Ms S said the email said, 'we're still the same company and you'll still have the same great insurance cover'. Ms S said this turned out to be untrue.

In June 2022 she adopted a second dog and added her to the policy. The monthly premium instalment increased from £20.70 to £35.16 which she thought was reasonable.

However, in August 2022 in her renewal invitation the monthly premium instalment increased by 44% from £35.16 per month to £50.74. On renewal in August 2023, it increased by 34% from £50.74 to £68.17. And this time she was told that the increase in premium was due to making claims. Ms S said this meant she was now paying more than any new customer would for the same dogs. In August 2024, the premium rose from £68.17 to £103.18.

However Great Lakes was only involved as the underwriter of her policy up to December 2022 and another underwriter took over in January 2023. This complaint is only against Great Lakes so that is for matters up to December 2022. Miss S has a separate complaint against that later underwriter which I have also dealt with separately.

Ms S complained. Ms S received a final response letter from the intermediary on 10 April 2024 which must be a typing error as the letter talks of the renewal in August 2024 and subsequently the complaint raised in September 2024 by Ms S. This complaint against Great Lakes only relates to matters up to December 2022. It explained that it had taken note of its customers' feedback. It said this feedback said customers weren't happy to be paying for other people's claims when they might not have made any claim themselves. So, this along with other commercially sensitive issues meant it made changes to its approach to include considering claims as an individual rating factor when setting the premium for the relevant customer. Therefore, claims made as a rating factor was implemented in July 2022.

Ms S then brought her complaint to us.

Then Great Lakes made an offer to settle Ms S' complaint of £175 compensation. It said this was for the shock caused by the increase in the premium as Great Lakes said it didn't

communicate the changes clearly to its customers. The compensation was for the delays in addressing Ms S' complaint also.

Great Lakes also showed the investigator its underwriting guidelines. This is commercially sensitive information so it can't be shared with Ms S. However, the investigator checked it and found Ms S' renewal premiums underwritten by Great Lakes were in line with the underwriting guide. This meant that Ms S wasn't being treated differently than anyone else in similar circumstances.

He also explained that this service can't tell insurers how to price their premium for the risks they are undertaking. He also explained that Great Lakes made a change in how it calculated the premium in 2022, and this was a business wide change, so it affected all customers. Claims rating was always applied to premiums, but it was shared by the entire customer base. Great Lakes received customer feedback that this was unfair on the customers who hadn't needed to make any claims. Hence Great Lakes decided to change the business model so that claims made affected the customers who had made the claims more.

Further he was satisfied Ms S wanted a lifetime policy given the protection it provided, so it was likely she would have ended up in the same position she is now in given how that cover works as she has had to make claims. Claims are almost always considered when insurers set the premium price so it's unlikely that she would have received any other lifetime policy that didn't do so.

So, the investigator was of the view that the £175 compensation was fair and reasonably resolved her complaint.

Ms S didn't agree so her 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 upholding this complaint for the £175 compensation Great Lakes has now offered. I appreciate Ms S will be very disappointed, so I'll now explain why.

Ms S will also note that I've dealt with her complaint against the subsequent underwriter following Great Lakes separately.

This lifetime policy Ms S has, is an annual 12 month policy, which if renewed, provides cover for any ongoing medical issues the pet insured might have. But the cover is set annually and re-set annually on renewal. For these reasons, these lifetime policies are more expensive as they cover the pet's ongoing conditions and then the increased risk as the pet ages also. So, the premium cost invariably increases year on year along with increases in tax, vet fees and indeed vet treatment costs too. There is no limit as to how high the premium costs could be either.

The regulations provided by the Financial Conduct Authority (FCA) do ensure that insurers are entitled to decide how much to charge for the insurance cover they provide and at renewal too. I have no authority to interfere with that as I can't set any types of restraints how any insurer conducts its business costs in this way. Because it is a policy that is renewed annually, then it can be considered reasonable that the terms can be changed at renewal with adequate notice. We consider that if the insurer isn't leaving the market so leaving its customers stranded unable to get alternative insurance at all (which might have

been the case for Ms S, considering she has made some claims), then provided adequate notice and reasoning is given, it's not unreasonable that how the premiums are calculated changes. Which is exactly what Great Lakes has done here. Cover as in lifetime cover so covering previous medical issues on an ongoing basis is still being provided for Ms S' two dogs, but now the claims Ms S made is reflected in her renewal premium.

I consider since Ms S sought out lifetime cover for her dog and now two dogs, then it remains likely that she would have always wanted to buy lifetime cover for her dogs given the benefits of that cover which means ongoing conditions will continue to be covered year on year. Other non-lifetime policies will only cover a condition for 12 months or at the most once the cover for that condition is all used up. That in effect means ongoing conditions or recurring conditions then won't be covered going forward which means someone like Ms S would have to pay the full costs of any further vet fees for conditions already claimed for, herself. Most other lifetime policy providers will also take claims made into account for the renewal premium.

Like the investigator, having seen the underwriting guidelines for Ms S, I can see she hasn't been treated differently or singled out in any way, from other customers in a similar situation. As the investigator explained this is commercially sensitive information so I can't share it with Ms S since we publish our final decisions.

Great Lakes recognised, that in 2022 when it decided to change how it calculated its renewal premium, it didn't explain this very well, which Ms S' complaint highlights quite starkly given she was given a promise by the intermediary from whom she bought the policy in 2021 that she would never pay more than a new customer when she renewed.

Therefore, I consider it's reasonable that Great Lakes pays Ms S compensation for the shock of the premium increase in this way. Clearly, she was under the impression this wouldn't change and what she was told in 2022 didn't make it clear enough to her that it was changed and why it was changing. Great Lakes offered £175 compensation. This is solely for the distress element, it's not to recompense Ms S for having to pay higher premiums year on year. The premiums were always likely to increase year on year as her pets age in any event too. I consider the amount offered by Great Lakes is fair and reasonable here and in line with what I would have asked it to pay if it hadn't offered it already.

My final decision

So, for these reasons, it's my final decision that I uphold this complaint for compensation only.

I now require Great Lakes Insurance SE to pay Ms S the sum of £175 compensation if it already hasn't done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 10 July 2025.

Rona Doyle
Ombudsman