

The complaint

Mr W has complained about Allianz Insurance Plc. He is unhappy with the increased premium for his two pet insurance policies.

What happened

Mr W previously took out pet insurance with Allianz for his two pet dogs.

In 2024, Mr W was sent a renewal invitation with a quote for a significant premium increase for both policies, and he complained about this to Allianz.

Allianz said that the premium was correct and based on several factors including the level of cover provided, the age and breed of the dogs, the location they lived, and costs amongst other things. But Mr W remained unhappy, so he complained to this Service.

Our investigator looked into things for him but didn't uphold his complaint. He was satisfied, having considered all the information and the underwriting criteria, that Mr W was treated the same as any other consumer in a similar position.

As Mr W didn't agree, maintaining that the increased premium was unfair, the matter has been passed to me for review.

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 have come to the same conclusion as the investigator, that the offer Allianz have made to put things right, is a fair one.

As the investigator explained, the Financial Conduct Authority doesn't regulate on the prices insurers charge or the methods an insurer might use to calculate the price of an insurance policy. So, the Financial Ombudsman Service won't usually make any determinations about the way an insurer chooses to assess risk, the risk assessments it makes or the premium it charges to cover a certain risk. The only aspects that this Service can consider in relation to pricing are:

- Whether a policyholder has been treated differently to the way other consumers would be in the same circumstances.
- Whether the price being charged is based on the correct information.
- Whether a consumer is being given clear information to make decision with, such as whether to seek cover elsewhere.

- Whether a consumer who doesn't have the freedom to change insurers and choose what premium to pay has been treated fairly, taking into account the insurer's approach.

Given the limited nature of the issues we're able to consider in relation to pricing of insurance policies, I've restricted the findings in my decision to these areas. Whilst I appreciate that might will be disappointing for Mr W, I won't be able to give him an answer on anything that falls outside of the points I've listed above.

Mr W held yearly limit lifetime pet insurance policies with Allianz which were due for renewal. It's important to point out that lifetime pet insurance policies are more comprehensive than other types of pet insurance so they can be expensive, and the cost will almost certainly go up each year as the pet gets older and there's more risk of a claim. Other factors can contribute to prices increase such as increased vet costs and other changes in underwriting by insurers.

Insurers constantly update how they rate the risk of offering insurance and their rates continually change. In this case Allianz has provided the Financial Ombudsman Service with confidential business sensitive information to explain how the increase was calculated. As the investigator explained we can't share that, but I have checked it carefully. Having done so, I'm satisfied that the price quoted has been calculated correctly and all of Allianz's customers in the same position will have been charged a similar premium. In Mr W's specific case I can see that the most significant impact on the price of the policies are the pet's ages and claim history, as they were considered to be higher risk at this point.

I know that Mr W feels they didn't give him enough information to explain the reasons for the increase in the policy premiums. I appreciate he might have wanted Allianz to share how the price increase was calculated specifically but for the reasons I've mentioned, I don't think they needed to. We wouldn't expect an insurer to give customers a breakdown of the calculation they've applied. In this case Allianz did explain the risk factors that led to the price of the policies increasing. And I think Mr W had enough information to decide whether he wanted to renew the policy or seek insurance cover elsewhere.

Finally, although these were yearly limit lifetime pet insurance policies - which means that as long as Mr W renews with Allianz, he can claim up to the vet fee limit each year and the policy will continue to cover long term or recurring illnesses - I haven't seen anything which supports that his freedom to change insurers was restricted. Whilst doing so would most likely have meant that cover for long term or reoccurring illnesses would not be covered, he could have chosen not to renew and gone elsewhere. In this case, Mr W chose to renew the policies.

The information Allianz provided about this policy should have made clear to Mr W what the long-term cost implications of taking out a policy like this might be. Allianz acknowledge they didn't do that and are in fault here.

When considering its failure to make the cost implications of a policy like this clear to Mr W, I've thought about whether Mr W would still have taken out this policy if he'd been given clearer information. He chose to take out pet insurance, so he wanted some type of cover for his pet. And, as he chose to take out a lifetime policy, he clearly had some interest in the greater level of cover it provided. If Mr W hadn't taken a lifetime policy, he would've either had no cover at all, and would have had to pay for all his pet's treatment himself, or a reduced level of cover, where he would have found himself in a situation where his pet's

ongoing conditions were no longer covered. So, I think it's likely he would still have gone ahead with the lifetime policy, even if he'd known the premium could increase significantly in the future.

However, I do think better information about the policy he did buy would've meant that Mr W wasn't so surprised and upset when the cost increased significantly – instead this would have been something he was expecting to happen.

I've thought about what the right amount to recognise that is. I can see when Mr W first took out his first policy the annual premium was around £375. By the 2024 renewal (year thirteen) the policy was priced at around £2,000. Mr W's second policy for his second dog had an initial premium of £500 and its 2024 renewal price (year six) was approximately £1,150.

I appreciate the most recent increases were driven by claims Mr W made on the policy as well as the pet's ages. And I think he might reasonably have expected there to be a relationship between a claim being made and a subsequent increase in the renewal price when combined with the pet's age. But I think the level of increase is likely to have gone beyond what Mr W might have expected.

Allianz acknowledges there is nothing in the sales documents that provides fair warning about this sort of increase but even if it did, I don't think anything it might have said would necessarily have made clear to Mr W the extent to which his premium was likely to increase as a result of any claim he might make. I'm also mindful of the fact Mr W took out this policy on the basis it would provide lifetime cover. So, he would reasonably have thought he wouldn't need to shop around because the policy would provide ongoing cover for the life of his pet. And at the point of receiving the 2024 renewal documentation he'd been paying for the policies for twelve and four years. Even if he had then shopped around for alternative cover, I think it would have been upsetting for him to have to do so.

In any event his pets were by then considerably older. And any conditions they had developed (even if some of them haven't yet led to a claim) would be unlikely to be covered by a new policy as they'd be classed as pre-existing. I think that would have made finding alternative cover at a competitive price more difficult.

Of course, if it had been made clear at the outset the extent to which the premiums might increase, the distress Mr W was caused when that did happen could have been avoided. But Allianz has accepted it didn't do that.

I've considered the offer made by Allianz but in this case, I think £250 fairly recognises the impact on Mr W of what's happened. Taking into account the time he's had this policy for, the premium increase history and previous discounts, the level of the premium increase (both in percentage and absolute terms) and the difficulties he'll now have in obtaining cover elsewhere. My finding is therefore that the offer Allianz have made to put things right, is a fair one. If Mr W has not already accepted it and wishes to do so, he should contact Allianz directly.

My final decision

For the reasons set out above, I don't uphold Mr W's complaint against Allianz Insurance Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 15 October 2025.

Yoni Smith
Ombudsman