

The complaint

Ms K complains about the price quoted by Wakam to renew her pet insurance policy.

What happened

Ms K received a quote to renew her policy which she says was significantly higher than what she'd paid the previous year. Ms K complained about the price increase and about Wakam's refusal to provide a breakdown or full explanation for the increased premium. Ms K also complained about Wakam having incorrectly applied a proportionate settlement to her claim.

Wakam responded and acknowledged an error had been made in applying a proportionate settlement for claims made by Ms K. They confirmed payments had now been made to reimburse Ms K the amounts which were deducted. They also arranged to pay Ms K compensation of £75.

In relation to the price increase, Wakam explained pet insurance premiums typically increase each year, and they regularly review their pricing to ensure their policies are fairly priced. They said rising veterinary costs are one of the primary factors driving price increases as well as a pet's age. Wakam explained they couldn't provide a breakdown for the price increase as this was commercially sensitive.

Our investigator looked into things for Ms K. She thought Wakam hadn't treated Ms K unfairly in relation to the pricing. Ms K disagreed so the matter has come to me for a decision.

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've decided not to uphold the complaint. I understand Ms K will be disappointed by this but I'll explain why I have made this decision.

Proportionate settlement of claims

There's no dispute between the parties around this part of the complaint. Wakam accept they made an error in applying a proportionate settlement to some of Ms K's claims. I can see, to resolve this issue, Wakam have reimbursed Ms K the amount by which the claims were underpaid as well as compensation of £75. Given the impact on Ms K and the duration of the impact, I think the £75 paid is fair and reasonable in the circumstances.

Pricing

The role of this service when looking at complaints about insurance pricing isn't to tell a business what they should charge or to determine a price for the insurance they offer. This is a commercial judgement and for them to decide. But we can look to see whether we agree a consumer has been treated fairly – so is there anything which demonstrates they've been

treated differently or less favourably. If we think someone has been treated unfairly, we can set out what we think is right to address this unfairness.

I can see Ms K paid a premium of £236.60 per month in 2024 but then received a quote for £387.48 per month in 2025. This is around 64% more than what Ms K paid the year before. So, I understand why Ms K is concerned about the price increase. Wakam have provided me with confidential business sensitive information to explain how Ms K's price increase was calculated. I'm afraid I can't share this with Ms K because it's commercially sensitive, but I've checked it carefully. And I'm satisfied the price Ms K was quoted has been calculated correctly and fairly and I've seen no evidence that other Wakam customers in Ms K's position will have been charged a lower premium.

As mentioned above, I can't provide specific detail about Wakam's risk model, but I can see one factor which has contributed to the price increase relates to Ms K's pets ages. It's not unusual or uncommon for insurers to take into account this factor when rating a policy – and in this case I've seen how this impacted the price. Another factor relates to Ms K's claims history. Again, it's not unusual or uncommon for this to be a factor affecting price. The pricing information shows how this factor has been rated and the impact on the price. So, I can't say Wakam have acted unfairly here.

I acknowledge Ms K says the increase feels disproportionate, particularly as her cover terms remained the same. I acknowledge Ms K's point, but it's for a business to decide what risks they're prepared to cover and how much weight to attach to those risks - different insurers will apply different factors. That's not to say an insurer offering a higher premium has made an error compared to an insurer offering a cheaper premium – but rather, it reflects the different approach they've decided to take to risk. This similarly applies to rating factors and loadings. It's for an insurer to decide what rating factors and loadings to apply to a policy. In this case, I've seen how Ms K's pets age and claims history have impacted the price as well as Wakam's reasons for this – and I can't say they've acted unreasonably or treated Ms K unfairly.

Another factor which has contributed to the price increase relates to a general insurance price increase. It's been widely publicised over the last few years that the price of insurance has increased due to claims inflation and insurers facing rising costs in settling claims – and in the case of pet insurance, increasing veterinary costs have contributed to this.

I've seen how Ms K's policy was rated and the loadings which have led to the price increase. This forms part of Wakam's pricing model so it applies to all policies. I think that's important here as it demonstrates the pricing model used to calculate Ms K's premium was no different to what was used for any other customer in the same circumstances. Wakam have also provided evidence which shows how their view of risk changed and the specific ratings which were impacted by this. Wakam have described how they refreshed their rating system to more accurately reflect the expected costs they underwrite and how this led to Ms K's premium increasing at renewal. So in short, they have treated all customers the same with the pricing structure and Ms K hasn't been treated differently or unfairly when they chose to change their approach.

In addition to this, I've seen the renewal invite sent to Ms K and I can see Wakam did remind Ms K that she could shop around to see if she could get a better price. As there had been at least four renewals, then section 6.5 of the Insurance Conduct of Business Sourcebook ("ICOBS") requires a business to provide specific wording about the benefits of shopping around. So, as well as treating Ms K fairly, I think Wakam also acted in line with requirements set out under ICOBS.

I do appreciate Ms K will want to know more detail around what specific factors have led to the price increase and she was left frustrated at not receiving a clear explanation for this. Pricing is an area where the information which sits behind an insurer's explanation will often be commercially sensitive. So, I don't think Wakam have acted unreasonably in not providing Ms K with details of the specific ratings and loadings used to calculate the price.

I understand why Ms K has complained, and I hope she feels reassured that I've checked the pricing information from Wakam. But I can't say they've made a mistake or treated Ms K unfairly. I wish to reassure Ms K I've read and considered everything she has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

My final decision

For the reasons I have given, it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 6 March 2026.

Paviter Dhaddy
Ombudsman