

## **The complaint**

Mr C and Ms R complain about how Intact Insurance UK Limited (“IIUKL”) have said the price of their pet insurance policy will be calculated at the next renewal.

Mr C has acted as the main representative during the complaint process. So, for ease of reference, I will refer to any actions taken, or comments made, by either Mr C or Ms R as “Mr C” throughout the decision.

## **What happened**

Mr C renewed his policy for a price of £2,177.97. He then received a letter from IIUKL saying they’d noticed an error in the price they charged Mr C for his policy. They said the price should’ve been £2,344.52 instead of the £2,177.97 Mr C was charged. IIUKL said they wouldn’t be asking Mr C to pay the difference. IIUKL said they would be using the correct price to calculate the next renewal quote. Mr C then complained. He said he wanted an explanation for how the error had occurred and he complained about IIUKL’s decision to use the £2,344.52 figure as the base figure for next year’s renewal. Mr C said he wanted IIUKL to use the base figure of £2,177.97 for next year’s renewal.

IIUKL responded and explained they’d discovered an error with the pricing tool they used to calculate Mr C’s premium, which meant that the price Mr C was charged was lower than it should’ve been. IIUKL said they’d now corrected the issue. IIUKL also explained they couldn’t base the next renewal on the lower incorrect price. IIUKL also went through the reasons why a premium might increase.

Our investigator looked into things for Mr C. He thought IIUKL hadn’t treated Mr C unfairly in relation to the pricing and didn’t uphold the complaint. Mr C 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 Mr C will be disappointed by this but I’ll explain why I have made this decision.

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.

There’s no dispute here that IIUKL made an error when calculating the original price for Mr C’s policy. That was corrected later - and I think it was fair in the circumstances that IIUKL didn’t seek to recover the additional amount from Mr C. In communication with IIUKL, I

can see Mr C questioned whether there actually had been a pricing error. IIUKL have provided me with confidential business sensitive information to explain how Mr C's price was calculated. I'm afraid I can't share this with him because it's commercially sensitive, but I've checked it carefully. And I'm satisfied there had been a pricing error and that the subsequent price IIUKL informed Mr C about has been calculated correctly and fairly.

I acknowledge Mr C wants an explanation for how the error occurred and he was left frustrated when IIUKL didn't provide any reasons. Pricing is an area where the information which sits behind an insurer's explanation will often be commercially sensitive. So, I don't think IIUKL have acted unreasonably in not providing Mr C with details on how the error occurred. I can see IIUKL have provided our service with this information, and it appears the error occurred during the risk assessment process. So, I'm satisfied there was an error, and it was reasonable in the circumstances for IIUKL to correct this.

I acknowledge Mr C's points about the price of £2,344.52 being used as a base figure at the next renewal. But, IIUKL have explained they don't use last year's premium to calculate next year's premium. They've explained the premiums are based on a variety of rating factors, so the error from last year would have had no effect on next year's premium. They've said the premiums are calculated around four weeks prior to the renewal based on the rates at that time, so they can't predict months in advance what the renewal premium will be at Mr C's next renewal. IIUKL say, regardless of the pricing error in last year's policy, the next premium would always be calculated based on the normal rating factors, and last year's premium isn't a rating factor, so has no bearing on the price they would offer.

When insurers calculate a price for insurance, they generally base this on a range of rating factors. This helps them to capture the presentation of risk and decide at what price they want to offer cover. It's not usual or common for insurers to use last year's price as a base or starting point, to then calculate the price for the next policy year. As I've mentioned, IIUKL have provided me with confidential business sensitive information to explain how Mr C's price was calculated. And this shows the price was calculated using a series of rating factors, but I can't see last year's price was used as a rating factor – or that last year's price was used as a starting point upon which IIUKL then applied their rating factors.

I acknowledge Mr C points out that, in the letter IIUKL sent to him notifying him of the pricing error, it said, "*We'll use the correct price to calculate your renewal quote.*" It's not clear in what context this has been said, but the same letter does say IIUKL wanted to inform Mr C about the correct price so he could then compare this against next year's renewal quote. In a response to our service, IIUKL said this was to avoid confusion with next year's renewal documentation showing a different premium to what Mr C had paid. In any event, the information I've seen doesn't suggest that IIUKL, when calculating a renewal price, apply a rating factor to the previous year's price.

I don't believe it was unfair for IIUKL to refuse Mr C's request to use the base figure of £2,177.97 for next year's renewal. I say this because, it's not in line with how IIUKL say, and have demonstrated, their pricing model works. And, in saying that Mr C's price at the next renewal will be calculated based on the rating factors at the time, it not only demonstrates the approach is consistent with how IIUKL treats other customers, but also is broadly in line with how insurers operate within the market when calculating an annual premium.

I wish to reassure Mr C I've read and considered everything he 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 Mr C and Ms R to accept or reject my decision before 23 October 2025.

Paviter Dhaddy  
**Ombudsman**