

## The complaint

Mr P has complained about the price HDI Global Speciality SE charged for his pet insurance policy.

Reference to HDI includes its agents and representatives.

## What happened

The circumstances aren't in dispute, so I'll summarise the main points:

- In 2024, Mr P took out a pet lifetime insurance policy for his dog, underwritten by HDI. The premium was around £1,350.
- Ahead of the 2025 renewal, HDI told Mr P the premium would increase to nearly £2,100 – an increase of over 50%. Mr P agreed to the renewal on these terms.
- Several months later, Mr P found a new policy with HDI, at a cheaper premium – just over £800. He cancelled the existing policy and took out the cheaper one.
- HDI said it had made clear when Mr P took out the policy that he should expect annual premium increases, even without a claim, due to the nature of the policy. It also said it had reminded him of this at the renewal and noted he could seek alternative options. Lastly, HDI said there can be various reasons for a cheaper premium on a new policy.
- Our investigator thought HDI had mostly acted fairly but hadn't gone far enough to set Mr P's expectations about the extent to which the premium might increase. She asked it to pay £50 compensation. An agreement wasn't reached, so the complaint was passed to me.
- I told both parties I thought £500 compensation was fair and reasonable in the circumstances. An agreement still wasn't reached, so I must make a formal final decision to resolve the complaint.

## 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.

There are several complaint points for me to consider, so I'll take each separately.

### *2025 renewal premium*

- Each insurer is entitled to take its own view of risk and, based on that, what price to charge for providing insurance to a particular policyholder.

- HDI thinks Mr P is more likely to make claims for his dog as they age. And there are other factors, such as increased treatment costs, which mean any such claim is likely to be more expensive. So it's taken these things into account within its premium calculations – and that's led to an increase of over 50% at the renewal.
- The evidence I've seen from HDI satisfies me it's checked the premium increase and there weren't any calculation errors. And the increase was also in line with the way HDI calculates premium changes for all policyholders renewing, so Mr P has been treated no differently. It's for HDI to decide what premium it needs to charge to account for a risk, and I'm satisfied it's done that in line with its underwriting criteria.
- As a result, I consider the premium increase was fair and reasonable in the circumstances.

### *Communication*

- HDI told Mr P the premium would increase each year – even if he didn't make a claim. And, if he did, the premium increase would likely be higher. So I'm satisfied HDI was clear with Mr P that he should expect the premium to increase, and more so if he made a claim.
- However, I don't think that wording made Mr P reasonably aware that he could expect an increase of around 50% - without making a claim. To clearly convey the likelihood of such an increase, I would have expected HDI to be clear that increases could be 'significant' or similar. Other insurers of lifetime policies do that, and I know HDI has done so at times too.
- I can understand why HDI wasn't more specific though. It can be difficult to accurately predict how the various factors, including any claims that might be made, could go on to impact the premium in the future. But use of the word 'significant', or something similar, would have more accurately helped Mr P to understand the scale of the premium increases he could expect from the policy.
- I note this was the first renewal of the policy, and Mr P hadn't made any claims. So Mr P's options for seeking a cheaper policy elsewhere, without losing cover, weren't as limited as they might have been.
- Overall, for the reasons given, I'm not satisfied HDI's communication was clear, fair, and not misleading – as it's required to be. As a result, Mr P wasn't made reasonably aware he could expect premium increases in the order of 50%, even without making a claim. So I think he would have suffered some distress and inconvenience when discovering such an increase.

### *Alternative policy*

- Mr P initially agreed to the 2025 renewal at a premium of nearly £2,100. He later found another HDI pet lifetime policy for around £800 – about 60% less.
- It's possible there are differences in cover, but the schedules I've seen appear to be exactly the same, aside from the start date – which is a few months later. So I can understand why Mr P has questioned this. On the face of it, HDI was willing to offer the same policy for much less than the renewal cost – which doesn't appear to treat Mr P fairly. So I asked HDI to explain the reason for the difference.

- HDI has provided some generic reasons why this *might* be. For example, initial waiting periods for new policies limit cover. And renewals will provide continuous cover for claimed conditions that a new policy won't. Both reasons explain why a renewal could be more expensive than a new policy. However, HDI hasn't said why *this particular policy* would see such a difference.
- Mr P made no claims in the first year, so there are no conditions to provide continuous cover for. And whilst a new policy has a waiting period of 14 days, it's hard to imagine that an exclusion for the first 4% of the policy year adequately explains why the premium would cost 60% less.
- So, taking all of this together, I'm not satisfied HDI has shown it acted fairly and reasonably on this point. Mr P ultimately took the lower cost policy out, so he doesn't have an ongoing loss due to the price difference. But there was a differential between the higher and lower cost policy for several months. He may also have paid a cancellation fee. And it's clearly a disappointing and frustrating experience to be left with the impression that HDI has acted in such a way.
- To acknowledge the financial and non-financial losses on this complaint point, and the previous one, I consider HDI should pay £500 compensation in total.

### **My final decision**

I uphold this complaint.

I require HDI Global Speciality SE to pay £500 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 18 May 2026.

James Neville  
**Ombudsman**