

The complaint

Ms C has complained about the extent of her premium increase when her lifetime pet policy renewed. She was of the view that the increase requested by Allianz Insurance Plc was too high and unrelated to her dog's health.

What happened

Ms C insured her dog who was born in May 2016 with Allianz under a lifetime policy in August 2023 for £10,000 cover per year vet fees and other benefits. Her premium that first year was £491.98. For 2024 to 2025 the premium was £762.57 so her premium increased by 55%. The renewal premium for 2025 to 2026 was £1,214.82 so an increase of 59.30%.

Ms C had one claim in her first policy year for gastro-enteritis which cost £1,536 and which Allianz paid deducting the £75 excess.

Allianz also confirmed it didn't have the sales call due to the fact its retention and destruction standard under its data protection policy doesn't keep sales calls for anymore than two years.

Allianz said Ms C's premium has been assessed in accordance with its underwriting guide so it hasn't done anything wrong. So it didn't uphold Ms C's complaint.

Dissatisfied, Ms C brought her complaint to us. The investigator thought it should be upheld because he didn't think Allianz had warned Ms C adequately at the time she bought her policy that premiums would rise. So he thought Allianz should pay Ms C the sum of £100 compensation for the shock of the premium increase.

Ms C accepted this but Allianz didn't. So Ms C's 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 along the same lines as the investigator. I'll now explain why.

Our approach to this level of premium increase in lifetime pet policies is detailed on our website where we expect insurers to explain and to have given the consumer enough information about the possibility of premium increases in the future when they first bought the policy. Against that, I've no authority or remit to tell any insurer what premium price to charge any consumer for the risk that is being insured other than assessing if Ms C was singled out and treated differently from any other policyholder in similar circumstances.

Given Ms C's premium was assessed in accordance with Allianz's underwriting guide this means essentially that she was not singled out or treated differently to any other policyholder in similar circumstances. I can't disclose Allianz's underwriting guide as it is commercially sensitive information so it's not permitted in the public domain. Having done that, Allianz has now noticed that it applied an online discount to her premium twice, so given this Ms C is now actually paying less than anyone else in her circumstances. Allianz said it will allow this to remain for this policy year, so this is to Ms C's advantage.

Turning now to assessing if Allianz gave Ms C enough information and warning about how premium in lifetime policies might rise for the duration of the policy. I don't think it did. Lifetime pet policy premiums are subject to many differing pricing issues over the lifetime of the pet insured. This can mean the premium price increases each year without any cap on the premium increase either. And I don't think Ms C was made properly aware of this.

Unfortunately, Allianz's internal retention policy for its data protection policy, decided to only keep sales calls for two years which isn't that helpful for Ms C's complaint, so we have no call recording of the sale of this policy to Ms C. As the investigator explained Allianz provided a copy of what the sales adviser had to read out to Ms C at the time she was buying this policy, which also matches the Insurance Product Information Document (IPID) and which said the following:

"Price will increase at each renewal and over the lifetime of the policy. This could be as a result of the rising age of the pet or any claims you made. There could be a substantial impact on the renewal price depending on the combination of factors that have to be taken into consideration."

The IPID and the policy says:

"A number of factors impact your price, such as your pet's age, claims you've made, increased veterinary costs and advancements in veterinary medicine. These mean your price will increase at each policy renewal and over the lifetime of your policy. There could be a substantial impact on your renewal price depending on the combination of factors that have to be taken into consideration. Changing your address may also affect the price of your policy."

Effectively both I and the investigator think that the word 'substantial' isn't good enough to explain the reality of the premium price increases which can happen in lifetime pet policies, whereas Allianz thinks that's sufficient. Like the investigator, I think a 'substantial' increase to many people could mean a 15% or 20% or maybe 25% increase in price, but not something as high as 55% and nearly 60% which Ms C experienced. In this policy, claims do make a difference to the renewal premium and this policy doesn't have any cap on premium increases. So if Ms C had bought one of those capped policies instead, I would agree 'substantial' or 'significant' would have been adequate, but that is not the case here. Obviously at the time of the sale, no one can estimate how much the premium might increase as no one knows what claims might be made or indeed what those claims are or all of the other factors which might affect the premium price to include even a change of address. Hence the need for a warning that is clear and unequivocal in meaning. Therefore I am of the view that Ms C wasn't given the right level of information at the time of the sale. I also believe that Ms C wanted to insure her dog under this lifetime policy. She also made a claim in the first policy year so has benefited from the ongoing cover for such a now pre-existing condition were she to move to a new insurer where it most likely would not be covered again. And of course she has received the online discount twice which is presently benefitting her too.

None of the other views or decisions Allianz mentioned to the investigator are that relevant here for the reasons the investigator explained. In any event each case is primarily decided on its own facts bearing in mind any published approach we may have in relation to certain areas of complaints.

I agree with the investigator that Ms C received a shock at the extent of the premium increases namely 55% and then nearly 60%. Which is exactly why she complained too. So I consider Allianz should compensate her for this shock. I agree with the investigator's view that this should be £100 compensation and Ms C herself has already agreed this too. This is in line with our approach to compensation which is more fully detailed on our website.

My final decision

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

I now require Allianz Insurance Plc to pay Ms C £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 7 May 2026.

Rona Doyle
Ombudsman