

## **complaint**

Mrs M complains about premium increases for her pet insurance policy with Royal & Sun Alliance Insurance Plc ('RSA'). She's also unhappy about the way the policy was sold.

## **background**

Mrs M bought her pet insurance policy in July 2012. She says the premiums have increased unfairly since then. Her renewal notice in July 2014 showed the annual price as £321.63. This was an increase of £78.74 from the year before. (And she's recently said that there's been another increase of over 44% in 2015.) RSA explained that the pricing was correct, based on the risk presented to it at the time, and took into account factors such as rising costs, her pet's age and breed, and her postcode.

Mrs M also says that RSA has gone back on the slogan that it would be 'never knowingly undersold'.

Mrs M brought her complaint to us. The adjudicator didn't think Mrs M had been treated unfairly with regard to the premium increases. He was satisfied they were calculated in line with premiums for other RSA customers with a similar risk profile.

The adjudicator also didn't think the slogan which Mrs M referred to from the time the policy was sold, was specific to the insurance policy, or that it meant premiums might not increase at renewal.

Mrs M didn't agree and so this has come to me for a final decision.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The amount a business charges for insurance is a matter for its 'commercial discretion'. In setting prices, RSA is entitled to decide what risk factors to take into account, and what weight to put on each. As long as RSA has exercised this discretion fairly, then we're unlikely to say that it has been unreasonable.

So, I can't decide what the price should be, but I can look at whether RSA treated Mrs M fairly: that means, seeing whether RSA applied the risk factors it uses for pricing its policies to all customers in the same way. RSA has explained that the increases were due to increasing costs of vet fees, the pet's breed and age. And it's to be expected that as the animal gets older, it's more likely to become ill and require treatment.

RSA has provided evidence to us that indicates all customers in Mrs M's position (considering factors such as postcode, pet's age and breed) would have the same loading or increase applied. So while I appreciate Mrs M's concerns about rising costs, I don't think she has been treated unfairly or unreasonably in that regard.

I'm also satisfied that the general marketing slogan used by the brand through which the sale was made can't reasonably be regarded as a specific price promise by RSA, the current underwriter of the policy. Nor does it suggest that there won't be price increases at renewal. Mrs M has said, in any case, that at the time she first took out the policy, she had obtained

cheaper quotes from other companies for the same cover, but still made the decision to proceed with this policy. So I can't see that she was misled or otherwise prejudiced with regard to the sale in any case.

I appreciate Mrs M will be disappointed, but I can't see that RSA has done anything wrong.

**my final decision**

For the reasons I've given, it's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs M to accept or reject my decision before 30 October 2015.

Helen Moya  
**ombudsman**