

complaint

Ms W complains about the price Red Sands Insurance Company (Europe) Limited charged to renew her pet insurance policy.

background

Red Sands quoted Ms W £112.84 per month for her pet insurance policy. Ms W complained and Red Sands said this amount was incorrect. It said the actual cost should be £64.48 per month. Ms W was still unhappy and brought her complaint to us. Ms W's pet has since died.

Our adjudicator asked Red Sands for information to explain how the price reduced so much but Red Sands didn't respond. Our adjudicator then wrote to parties explaining his view that Ms W's complaint should be upheld. He said Red Sands should charge Ms W the same as in the previous year. But Red Sands didn't respond to that letter either. And as Red Sands hasn't replied the case 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.

Ms W feels it isn't fair that Red Sands put the price of her policy up every year (over years it went up by a total of around £10). The policy says Red Sands can increase the renewal price but we think it should do so fairly. It's usual for insurers to take into account a number of things that mean a policy costs more. The number of claims and the pet's age are just two of these things. But Red Sands still had to treat Ms W fairly when giving her a renewal price.

Red Sands said the original 2015 price of £112.84 had been "erroneously miscalculated". But despite being asked, and having had a letter sent, Red Sands hasn't explained how it reached the figure of £64.48 – I think this could be mistakenly calculated too. I note the following paragraph in the policy documents;

Significant risks

*This policy transfers many of the risks pet owners face for veterinary fees and other detailed benefits from the insured to the insurer. However, the policy does not cover every circumstance or expense and **we have some exclusions that help keep premiums low** [my emphasis]. A full list of the exclusions for each section can be found in part B of this document*

I think this gives an obvious expectation to the consumer and so I can see why Ms W was so surprised that her premium had increased by so much - £29.31 to £64.48 - and without a reasonable explanation. And because Red Sands hasn't given us information to show the increase was reached fairly, and not by a calculation error, I don't think it's fair to charge the amount it wants to. It's not for me to say how Red Sands should calculate the cost of the specific risk to it of insuring Ms W's pet. But I think the fair outcome is that it charges Ms W what it did before the "erroneous miscalculation" - £29.31.

I'm sorry to hear Ms W's pet has passed away and I'm sure this will have been distressing but I don't think Red Sands needs to pay any compensation for this.

my final decision

My final decision is that I uphold this complaint.

Red Sands Insurance Company (Europe) Limited must refund Ms W any difference between any monthly premiums she paid and £29.31 back to October 2014. Interest at 8% simple per year¹ should be added to each overpayment from the date Ms W paid to the date Red Sands sends her payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 15 February 2016.

Sean Hamilton
ombudsman

¹ HM Revenue & Customs requires Red Sands to take off tax from this interest. Red Sands must give Ms W a certificate showing how much tax it's taken off if she asks for one.