

complaint

Mr P is unhappy that AXA Insurance UK Plc decided to withdraw from the pet insurance market and its decision to transfer his pet insurance policy to another insurer. He says the new insurer has made changes to the policy terms and increased the premium unfairly.

background

Mr P had a pet insurance policy with AXA for his pet dog. He was told by AXA that it would be withdrawing from the pet insurance market and his details would be passed to another insurer, who would provide cover for his dog's pre-existing conditions in the future.

When Mr P received details of the renewal, he found the premium had gone up. He complained to AXA about the premium offered by the new insurer. He said the increase was unfair; he couldn't afford to continue with the policy and would have to get a cheaper policy elsewhere, which meant his pet's existing conditions would no longer be covered.

AXA explained that its decision to withdraw from the pet insurance market was to concentrate on other products, and it had transferred all of its customer's policies to another insurer so that cover continued for their pet's pre-existing conditions. Its aim was to ensure a new provider offered the same or a similar level of cover, though it couldn't guarantee this.

Mr P wasn't happy with AXA's response and complained to this service. Our adjudicator didn't think his complaint should be upheld. She said that the decision on whether to continue to offer an insurance product is for a business to decide; it's a matter of 'commercial discretion'. It was important for AXA to make sure cover continued for any pre-existing conditions that Mr P's dog had, and she was satisfied that AXA had done this.

Mr P doesn't agree and has requested a review. He felt it was clear that AXA "*wanted rid*" of pet insurance customers at any cost and it had no consideration to the existing policy holders affected by this decision. Mr P also feels that AXA's decision to sell his policy to a broker is wrong, because a broker's main aim is to make money. This meant there were changes to his new policy and additional charges.

He also questions how a policy can be similar when the premium is so much higher. He doesn't consider AXA has been fair to him, and would like AXA to cover claims for any existing conditions his dog has, which wouldn't be covered by a new policy with another insurer.

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 way AXA ran its pet insurance business is a matter for it to decide; AXA is entitled to make commercial decisions about what insurance to offer. What I'll look at is whether AXA treated Mr P fairly when it decided to withdraw from the pet insurance market.

We asked AXA to explain why it withdrew from the pet insurance market. AXA told us it was losing money with this product, due to many reasons like the number of claims and increasing vets' fees. It couldn't continue to maintain or offer the pet insurance product anymore. So AXA decided to look for another insurance company to take over its pet

insurance policies. This took a long time - more than two years from making the decision to withdraw from the pet insurance market, until it told customers.

For AXA, the most important consideration was for it to find a buyer that would cover previous conditions. I think it was reasonable that AXA finalised how it was going to withdraw from the pet market before telling its customers. I think it took reasonable steps to make sure that customers like Mr P could have continued cover for their pets' pre-existing conditions.

I don't think it makes a difference that AXA sold its book of business to a broker rather than directly to an insurance company. The commercial relationship between the broker and the insurer doesn't affect the terms of the policy offered, as it is ultimately the insurer who sets the terms of the cover it wishes to offer. The fact that the new insurer or broker has decided to make changes to the policy isn't something AXA is responsible for.

I appreciate Mr P feels that AXA wanted rid of its customers. But if AXA couldn't continue to offer the cover because of financial reasons, its only option was to find another insurer to take on the risk it had said it would cover, and AXA did this. The policy wasn't identical, but it did ensure the lifetime aspect of the policy continued for the customer. I believe this is fair given the circumstances. I wouldn't expect AXA to meet claims for existing conditions when it's no longer providing cover.

Mr P is unhappy with changes in his policy terms and the increase in the premium offered by the new insurer, but I think AXA's arrangement offered a fair alternative to having no continued cover at all for pre-existing conditions.

Although Mr P's policy with AXA offered lifetime cover for ongoing conditions, this was always subject to it being renewed each year and the premiums being paid. Mr P is unhappy with the increased premium. If he wishes to complain about the price the new insurer wanted to charge, he will have to take that up with them directly. If he's not happy with the reply, Mr P can come back to us to see if there's anything we can do. But the insurer must have an opportunity to reply to his complaint first.

my final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 16 November 2015.

Peter Whiteley
ombudsman