

## **complaint**

Mr E complains that he bought 'lifetime' pet insurance cover from One Pet One Price Limited, but it later removed the lifetime cover and increased the premiums.

## **background**

Mr E bought a pet insurance policy online from One Pet One Price Limited. One Pet One Price is a broker, which sold the policy to him. It doesn't actually pay anything if he makes a claim – that's the role of the underwriter, a different business.

In 2015, the underwriter decided to withdraw from the pet insurance market. One Pet One Price told Mr E that it had arranged for cover with a different underwriter, but the level of cover offered by this underwriter would not be the same.

Mr E complained that he'd bought lifetime cover from One Pet One Price, so the cover shouldn't change. The proposed new insurance was limited to £3,000 for each condition for life, when he had previously had cover of £10,000 for each condition per year. He said a limit of £3,000 wouldn't be enough as his pet had an ongoing condition. He would need to pay for regular checks and, over the course of his dog's life, this would likely cost around £3,300. Mr E was also worried that the condition could become more serious, in which case the costs would be even higher. And he was also upset that although the cover was lower, his premium would increase.

Mr E said he couldn't afford a higher premium, and decided to take out a new insurance policy with another insurer. But this policy wouldn't cover his pet's existing condition.

One Pet One Price said there was nothing it could do and the underwriter's decision was extraordinary. But the underwriter could pull out if it wanted to; it was a matter of commercial judgment for the underwriter to decide what it wanted to cover. The policy terms made it clear this was an annual policy and could be amended at each renewal. Mr E could have rejected the policy if he wasn't happy with the cover offered.

Mr E complained to this service. Our adjudicator said One Pet One Price should provide cover that was equivalent to the policy Mr E originally bought - with the limit of £10,000 per condition per year (including the ongoing condition that his pet had). And it should pay for any claims from the date the underwriter had withdrawn, together with interest, and compensation of £200 for the trouble and upset caused.

The adjudicator also asked One Pet One Price to confirm what premium would be charged, as Mr E wasn't sure exactly how much it would be.

One Pet One Price said it would agree to this proposal, and would ask the new underwriter to confirm what the premium would be, though Mr E had said he couldn't afford more than the amount he'd been paying before. It has since advised that the premium will be £774 per year.

Mr E is unhappy with the proposal and has requested a review. He says it's wrong that he can be sold a policy offering lifetime cover only to be told the cover won't in fact continue for his pet's lifetime. And it's wrong that he has to pay a much higher premium for the new cover when it's less generous than the original policy. He wants to be compensated for the costs he'll have to pay in future for his pet's care.

## **my findings**

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

One Pet One Price is correct that Mr E bought an annual policy. That means cover only continued if he chose to renew his policy each year. And it means the policy terms could change when the policy was renewed.

But that doesn't mean an insurer's changes will always be fair. Any changes should be fair and reasonable. They need to be set out clearly, so the policyholder can understand them and decide whether they wish to continue with the policy. And I don't think it's fair if the changes are retrospective; they should only apply to the policy going forward, and shouldn't affect any claims in respect of an existing condition or an incident that's already happened.

Although the information given to Mr E did say his policy was an annual renewable policy, it also made it clear he was getting lifetime cover for his dog as long as he renewed the policy each year. Mr E bought his policy from One Pet One Price and it was their sales material that said his pet's conditions would be covered for life. So I think One Pet One Price is responsible for promising a level of cover that it didn't then offer when Mr E came to renew his policy.

I appreciate that the underwriter set the terms of the policy, and it was the underwriter's decision to withdraw from the market. But One Pet One Price chose to market and describe the policy in the way that it did. It described this as 'lifetime cover' on its website and in its policy documents. One Pet One Price's responsibility was to provide Mr E with information that was clear, fair and not misleading.

So, if the policy wasn't to provide lifetime cover, even when renewed each year by Mr E, One Pet One Price should have made that clear. Customers should have enough information to make an informed choice. It's not enough to simply refer to terms and conditions. Mr E thought he was buying cover for life and had no reason to believe otherwise. That's how the policy was marketed and sold. It was a shock to be told his cover wouldn't be continuing.

One Pet One Price has agreed to provide cover for Mr E, which would include any pre-existing conditions, though the details of this haven't been confirmed, as One Pet One Price is waiting for confirmation from the new underwriters. I think the proposed new cover is fair and reasonable - One Pet One Price will provide cover for the life of Mr E's dog with the same limit of £10,000 per condition per year, and will include ongoing cover for any existing conditions.

In addition, I agree that the compensation of £200 for the trouble and upset caused to Mr E is reasonable. He thought he had cover for life and it was a shock to be told that wasn't the case. He already had the stress of dealing with his pet's ongoing condition. On top of this, he was left worrying about how he might pay further bills in future.

Mr E is unhappy with the proposed premium level for the new policy. The level of premium is a matter for the underwriter to decide and One Pet One Price isn't responsible for any increase. As I've said, the policy can be reviewed at each renewal, and premiums may go

up. Even if the original policy had continued, it's likely there would have been increases in the premium over time, as his pet got older, or to reflect further claims.

If Mr E wishes to complain about the higher premium he'd need to make a fresh complaint about the underwriter's decision on this. As far as this complaint is concerned, provided One Pet One Price arranges for a new policy which provides an equivalent level of cover, it will have met its obligations to Mr E.

### **fair compensation**

One Pet One Price Limited accepted the proposal made by our adjudicator, but the details of the new cover need to be confirmed. For the avoidance of doubt, One Pet One Price should

- Confirm the offer to Mr E to provide ongoing cover, ensuring this reflects the policy terms and conditions in the original One Pet One Price policy, including the policy limits and excesses. Provided Mr E renews the policy each year, it should continue for the life of his dog, and include cover for any conditions that would have been covered under his original policy.
- Cover any claim for vets' fees Mr E's had to pay since his original policy ended, and which would have been covered under that policy (subject to Mr E providing proof of payments). Simple interest\* should be paid at 8% per year, less any tax if properly deductible, from the date of any payments he's already made until the date of settlement.
- Pay Mr E £200 compensation for the trouble and upset caused to him.

### **my final decision**

For the reasons given I uphold the complaint and require One Pet One Price Limited to confirm the offer to Mr E, as set out above, and pay the compensation if it hasn't already done so.

\* HM Revenue & Customs requires One Pet One Price Limited to take off tax from this interest. One Pet One Price Limited must give Mr E a certificate showing how much tax it's taken off if he asks for one.