

## **The complaint**

Miss M complains that Red Sands Insurance Company (Europe) Limited gave her misleading information about the premium she would pay for her pet insurance policy.

Where I refer to Red Sands, this includes its agents acting on its behalf.

## **What happened**

Miss M has had pet insurance with Red Sands for some time. The insurance renewed in November each year. She has two pet dogs covered.

In May 2023 Miss M called Red Sands to upgrade her policy to lifetime cover. During the call she asked about the premiums and why they were lower for her older pet. She was told this may be to do with the fact that for older pets, a co-payment is made towards any claims and when her younger pet reached the age of eight, the premiums would be recalculated.

Miss M emailed in August 2023 asking if the premium would reduce when the policy renewed in November. She was advised it would be recalculated.

At the renewal in November 2023 the cover for her younger pet was amended to include a co-payment of 20% of the cost of any claims. There was a small increase in the premium from £43 per month to £46.

Miss M complained that the premium had increased when she had been told it would go down. Red Sands said the premium had been calculated correctly but accepted the information provided hadn't been accurate. It said while the co-payment charge might reduce the price, she should have been told about the various risk factors taken into consideration when calculating the premium.

When Miss M referred the complaint to this Service, our investigator said the information given to Miss M hadn't explained that the premium might increase, but the premium had been calculated correctly. The investigator didn't think it had made a difference as it was likely Miss M would still have taken continued with the insurance even if she'd been given accurate information.

Miss M disagrees and has requested an ombudsman's decision. She says

- She didn't ask the investigator to say how much the insurer should charge her.
- The key point is that she was misled, because she was told the premium would go down once the co-payment came into effect and that didn't happen. So the policy was mis-sold.
- The investigator shouldn't have made assumptions about what she would have done.
- If she had been given the correct information she would have looked elsewhere for insurance. It would have made no sense to continue with the policy where a co-payment would be added and the premium would also have increased.

## **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.

Insurers should provide appropriate information about the policy so the customer can make an informed decision about whether to buy it, and the information should be clear, fair and not misleading.

The policy documents do explain that premiums are likely to increase as the pet gets older, and that once a dog reaches the age of eight a co-payment would be made towards any claims. But I've listened to the call Miss M made and agree the information given to her wasn't clear.

Miss M asked why the premium for her older pet was slightly lower. The call handler said they weren't 100% sure why – a few factors were taken into account, but they guessed that because there would be a co-payment for the older pet, that may make the premium a bit cheaper.

Later in the call Miss M said she would have thought the premium for her younger pet would be cheaper, not other way round. The call handler said it was likely due to the co-payment on any claim, which helps bring the premium down; this would come into effect for her younger pet soon and at that point the premium was likely to come down.

Miss M wasn't given a guarantee that her premium would definitely go down. And it was explained there were various factors that affected the premium. But I can understand why she would have thought it likely the premium would reduce.

In fact, there was a very small increase in premium. Red Sands considers a range of factors when setting the premium, including the pet's breed, age, general veterinary costs and so on. Even if the co-payment helped reduce the premium, the other factors meant there was nevertheless a small increase. This would have been upsetting for Miss M if she was expecting a reduction.

Miss M was upset our investigator said she thought Miss M would still have taken the policy even with the correct information, and shouldn't have made assumptions about that. Where something has gone wrong, we need to consider the impact of that. So we need to think about what would have happened if she'd been given the right information.

Miss M says she wouldn't have continued with this policy and would have looked elsewhere. The cost of pet insurance will increase as a pet gets older; that's typical in pet insurance, as is the use of co-payments for older pets. So even if Miss M had looked for another insurer, it's likely she would have ended up paying more in any event. Ultimately she would always end up in the same position of having higher premiums as her pet gets older.

While it would have been a shock for Miss M to find the premium went up, the increase was very small and, as I've explained, it was always likely the cost of the insurance would increase. So while I understand why Miss M is upset, I don't think Red Sands needs to do any more than acknowledge the error and apologise for it, which it has already done.

## **My final decision**

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept

or reject my decision before 22 March 2024.

Peter Whiteley  
**Ombudsman**