

The complaint

Mr H complains about the amount U K Insurance Limited, trading as Direct Line Pet Insurance (“UKI”) paid to settle a claim he made under his pet insurance policy. He’s also unhappy about increases in the premiums he’s been charged over a number of years.

What happened

In early 2023, Mr H made a claim under his pet insurance policy with UKI after his dog was injured. He submitted invoices for fees he was charge by two vets totalling £460.78. UKI paid Mr H a total of £229.78 to settle the claim.

Mr H didn’t think UKI’s settlement was fair, so he raised a complaint. He didn’t think the settlement had been calculated correctly due to the order in which UKI had considered the two invoices. He thought that deducting the £50 admin fee the vet had charged was unfair. Mr H said he didn’t think the policy wording regarding the out of hours fee was clear and queried how it had been calculated.

Mr H also raised concerns about the premiums UKI had been charging him for the policy. He said he’d looked on a price comparison site, and UKI’s cover seemed to be expensive compared to others. Since making the claim, he’d established he was paying over £600 a year, which was much higher than he recalled it being at inception. He asked if his policy had been the subject of price walking.

Mr H said the address on his policy documentation was incomplete. He queried if it had been changed and asked if any post had been logged or marked as returned.

UKI said the claim had been paid in line with the policy’s terms and conditions. It said the policy limits were periodically reviewed and Mr H’s feedback about these had been passed on.

UKI said that when Mr H first took out the policy online, the booklet with all its terms was made available there and still was. When the policy started, it sent the policy booklet as well and after this annually with renewal. Over the last few years, it only sent the policy booklet if amendments had been made. It said one policy booklet it had sent Mr H was returned in 2020 but there was no indication as to why. It had sent it back out and there were no further issues. The address Mr H had given when he first took out the policy didn’t include his flat number, but it had arranged for it to be added on.

In response to Mr H’s comments regarding value for money, it said new policies Mr H had got quotes for online might include a discount for new customers and would exclude pre-existing conditions. UKI would only exclude pre-existing conditions up to September 2016.

Mr H remained unhappy and asked our service to consider his concerns.

Our investigator didn’t think Mr H’s complaint should be upheld. She didn’t think UKI had treated him unfairly when deciding the price of his policy. She also thought the policy wording regarding the out of hours fee was clear and she was satisfied with what UKI had said about the address on Mr H’s account.

Our investigator also requested copies of Mr H's policy documents going back to 2019 and shared these with Mr H. She said UKI wasn't required to disclose pricing information and it only needed to make Mr H aware he should shop around. She was satisfied UKI had been sending Mr H relevant information.

Mr H disagreed with our investigator's outcome and asked for his complaint to be considered by an ombudsman. He said the issue with documents not showing at his proper address and the subsequent lack of receipt of policy documentation was a main complaint point now. So, the complaint has been passed to me to decide.

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.

Having done so, I've decided not to uphold Mr H's complaint. I'll explain why.

I've considered everything Mr H has told our service, but I'll be keeping my findings to what I believe to be the crux of his complaint. I wish to reassure Mr H I've read and considered everything he has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

Out of hours fee

The cover UKI provides for vet fees is set out in the policy's terms and conditions. This section includes the following wording:

"The Vet fee amount for both the Essential and Advanced policy includes:

- *Up to £50 towards consultation fees for each separate visit to the vet as a result of the condition.*
- *Up to £115 towards additional out of hours fees for each separate out of hours visit needed as a result of the condition."*

From what I've seen, UKI paid £165 towards the £276 "emergency consult fee" charged by the first vet, in line with the above term.

I understand that Mr H feels the £115 out of hours fee limit is too low. He says his own research shows the average out of hours vet fee for the UK is £200. However, it's up to an insurer to decide what level of cover it wants to provide. It just needs to make sure it provides information that's clear and not misleading to allow a consumer to make an informed decision before buying or renewing a policy.

Mr H has also complained that UKI didn't provide clear information about the out of hours fee limit. He's referred to wording on the IPID (Insurance product information document) which says: "*the vet limit includes...up to £115 towards additional out of hours fees*". He's questioned what an 'additional' out of hours fee is to a lay person and whether it's distinct from a regular out of hours fee.

The IPID document says:

"Vet fee limit includes:

- ✓ *Complementary treatments*
- ✓ *Up to £50 towards consultation fees for each separate visit to the vet as a result of a condition*
- ✓ *Up to £115 towards additional out of hours fees for each separate out of hours visit needed as a result of the condition...*

I think it's clear from the above that UKI would pay up to £50 towards a consultation fee and a further £115 if the visit is out of hours. I don't think the wording in the IPID or the policy booklet gives the impression that UKI would pay more than a total of £165 for an out of hours consultation. So, I'm satisfied that UKI has provided clear information about the out of hours fee limit.

Pricing

It isn't our service's role to tell a business what it should charge or determine a price for the insurance it offers. This is a commercial decision for the business to make. What I've needed to consider is if Mr H has been treated fairly and in line with how other customers have been treated.

I can see from the information UKI has provided that Mr H was charged an annual premium of around £150 when he first took out a policy in 2016. By 2022, the annual premium had increased to around £600.

UKI has provided an explanation of the increases over each year, along with evidence to support this. This information is commercially sensitive, so I can't share it with Mr H, but I've checked it carefully. Factors impacting the changes of premiums include the gradual removal of the new business discount, a claim on the policy and the increase in the pet's age.

Insurers often apply a new customer discount when a policy is first taken out and we think it's fair that premiums increase to recoup this discount. It's not unusual for claims against a policy to be taken into account when an insurer is pricing a policy and for it to affect the price. And it's usual for pet insurance premiums to increase as a pet gets older.

In the renewal documentation UKI has sent Mr H, it says that older pets are more likely to suffer from medical conditions, such as arthritis, kidney problems or heart disease. And as his pet gets older, he will see an increase in his premium.

I'm satisfied from what I've seen that the price Mr H has been charged has been calculated correctly and fairly. I've seen no evidence to suggest that other UKI customers in Mr H's position will have been charged a lower premium.

Mr H has commented that he wasn't informed that he could obtain a better deal by shopping around. However, UKI has provided copies of Mr H's renewal documentation dating back to 2019. These all contain wording that reminds Mr H that he's been with UKI for a number of years, and he may be able to get the insurance cover he wants at a better price if he shops around.

It's also worth noting that Mr H's policy was a time limited policy which provided cover for each condition for 12 months from the first treatment date. This is different to lifetime cover which would continue to provide ongoing cover for any conditions a pet develops for the rest of their life, as long as the policy is renewed each year. There is a greater expectation on sellers of lifetime cover to highlight the potential long-term costs of the insurance because options for switching to a different provider tend to be more limited. This doesn't apply in the same way to a 12 month policy.

I appreciate Mr H is unhappy about the increase in premiums since he first took out his pet insurance with UKI. But I'm satisfied that UKI has treated him fairly and reasonably.

Address

Mr H has also raised concerns that his flat number wasn't showing on correspondence UKI has sent. UKI says Mr H didn't provide a flat number when he took out the policy online and it wasn't aware the address was wrong until he raised this in 2023. It says that one policy booklet was returned to it in 2020 but there was no indication as to why. There were no further issues after it was sent back to the address it had on file.

I don't have anything to show me what address information Mr H gave when he took out the policy. Mr H's flat number isn't showing on the correspondence I've seen which is dated prior to him advising UKI of the address issue in 2023. Mr H says he didn't receive documents because his proper address wasn't showing. But there's nothing to suggest he raised this prior to 2023 and UKI appears to have updated the address once it was aware of the issue. So, I'm not persuaded UKI has done anything wrong here.

I know my answer will be disappointing for Mr H, but overall, I think UKI has acted fairly and reasonably.

My final decision

For the reasons I've explained, I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 10 April 2024.

Anne Muscroft
Ombudsman