

## The complaint

Ms H complains about the price of the premium Royal & Sun Alliance Insurance Limited (“RSA”) charged when her pet insurance policy renewed.

Any reference to RSA includes the actions of its agents.

## What happened

Ms H has a pet insurance policy which is underwritten by RSA. RSA is also responsible for setting the price of the premium.

Ms H complained to RSA saying the cost of her premium had significantly increased when it renewed in 2023. RSA responded and explained it takes into account various factors when pricing policies such as a pet’s age and breed, claims history, and the average vet bills in the policyholder’s area. It said Ms H had made claims for her pet - and a pet with a claim is more at risk of needing further treatment for future conditions (same or different). And so, this increased risk will be reflected in the renewal premium offered.

It also referred to a previous final response it had sent Ms H in 2022 – it said *that* response had managed her expectations with regards to the likelihood of her premiums continuing to increase in the future.

As part of her current complaint Ms H said she was unhappy RSA hadn’t called her at the time she’d said she was available to discuss the matter of her premium increasing. RSA apologised for this and sent a cheque for £25 to recognise the inconvenience this had caused. It also said it had provided feedback to the member of staff.

Unhappy, Ms H brought a complaint to this Service. An Investigator considered it and was satisfied RSA hadn’t treated Ms H unfairly in relation to the price of her premium. And she said £25 was reasonable compensation to account for the inconvenience caused by RSA not calling as agreed. Ms H disagreed, and so, the complaint has been passed to me for an Ombudsman’s decision.

## 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.

The role of this service when looking at complaints about insurance pricing isn’t to tell a business what it should charge or to determine a price for the insurance it offers. This is ultimately, a commercial judgement for the insurer to make. But we can look into whether we agree a consumer has been treated fairly – so we’d consider if there is anything which demonstrates they’ve been treated differently or less favourably. If we think someone has been treated unfairly, we can set out what we think needs to happen to address this.

I can see Ms H paid a premium of around £530 in 2022 (this was after a 15% loyalty discount had been applied to the premium) but then received a renewal quote for

approximately £770 in 2023. This is around 45% more than what she'd paid the year before. So, I understand why Ms H is concerned about the price increase.

I can't provide specific detail about RSA's risk model, but I can see the main factors relating to the price increase is the impact of previous claims on the policy, and the likelihood of problems reoccurring owing to this and Ms H's pet's age. The effect of previous claims was explained to Ms H in the final response letter RSA sent dated 2022, as well as in previous and subsequent renewal letters. I note a renewal letter dated June 2000 says:

*"Like us, as pets get older, sadly they're more likely to get ill. In fact our claims data shows that the cost of looking after your pet's health doubles every four to five years. That's why your renewal price increases each year.*

*A claim being paid also increased the chance that a future claim will be made and can therefore also cause your renewal price next year to double.*

*It's important you budget for renewal prices to increase as your pet gets older. How much they go up is different for everyone and depends on things like your pet's breed, their age and health and there is no limit as to how much your renewal can increase."*

Here, RSA has explained that premiums will increase as pets get older – and I've seen how the age of Ms H's pet has impacted the price, so I can't say RSA treated Ms H unfairly in taking this into account.

It's been widely publicised that insurance premiums have gone up – affecting all customers – and I've seen how changes to insurance premium tax and claims inflation also impacted the price of Ms H's policy. But as RSA has said this applies to all its customers, I again can't say it's treated Ms H unfairly.

Ultimately, it's for a business to decide what risks they're prepared to cover and how much weight to attach to those risks - different insurers will apply different factors. That's not to say an insurer offering a higher premium has made an error compared to an insurer offering a cheaper one – but rather, it reflects the different approach the insurers have decided to take to risk. And whilst Ms H might consider the increase in price to be disproportionate, that in itself doesn't mean she's been treated unfairly. I understand why Ms H complained to RSA, and I hope she feels reassured I've checked the pricing information from RSA. But I can't say it has made a mistake or treated Ms H unfairly.

I've considered Ms H's point about being contacted outside the time she said she was available to discuss the matter. It's unfortunate this happened, and I can understand why she was unhappy about this. RSA has said it has given feedback to the staff involved – which is what I'd expect it to do. Whilst it was frustrating for Ms H, I'm satisfied £25 compensation is reasonable in the circumstances.

Ms H has said she didn't know what the £25 cheque was for, but RSA has explained in its final response letter than it was to apologise for the inconvenience caused by not calling at the agreed time. So, I'm satisfied it's been clear on the matter.

For the reasons set out above, I'm not upholding this complaint.

### **My final decision**

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 26 July 2024.

Nicola Beakhust  
**Ombudsman**