

## The complaint

Mr W complains about the price of the premium HDI Global Speciality SE (“HDI”) charged when his pet insurance policy renewed.

## What happened

Mr W has a pet insurance policy which is underwritten by HDI. HDI is also responsible for setting the price of the premium.

Mr W complained to HDI saying the cost of his premium had significantly increased when it renewed in 2023.

HDI responded and explained it takes into account various factors when pricing policies – including the pet’s age, breed, postcode, claim history and whether the pet is likely to suffer repeat incidents, or whether the condition is long term.

It said the volumes of claims had increased significantly and this had affected the price for all customers. It added this, along with the increase cost of vet treatment, changes to insurance premium tax and other changes in underwriting have had an impact on the prices it can provide. It also referred Mr W to the policy wording he was provided with when taking it out which said:

*“Like humans, our pets are more likely to be affected by illness as they get older. This means that every year your insurance premium will increase even if you haven’t made a claim. This increase will be significant if you have claimed.”*

Our investigator looked into things and was satisfied HDI hadn’t treated Mr W unfairly in relation to the price of his premium. But Mr W 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.

Having done so, I agree with the outcome our Investigator reached and I’m not upholding this complaint – I’ll explain why.

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 Mr W paid a premium of around £300 in 2022 but then received a renewal quote for approximately £450 in 2023. This is around 50% more than what he’d paid the year before. So, I understand why Mr W is concerned about the price increase.

HDI have provided me with confidential business sensitive information to explain how Mr W's price increase was calculated. I'm afraid I can't share this with Mr W because it's commercially sensitive, but I've checked it carefully. And, I'm satisfied the price Mr W has been charged has been calculated correctly and fairly, and I've seen no evidence that other HDI customers in Mr W's position will have been charged a lower premium.

I can't provide specific detail about HDI's risk model, but I can see the main factor relating to the price increase relates to the age of Mr W's pet. In the policy document, HDI explains that pets require more medical care as they get older – so customers can expect their insurance to cost more as their pet ages. Again, I've seen how this impacted the price, so I can't say HDI treated Mr W unfairly in taking this into account.

I've also seen how claims inflation and changes to insurance premium tax also impacted the price. But as HDI has said this applies to all its customers, I again can't say it's treated Mr W 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 Mr W might consider the increase in price to be disproportionate, that in itself doesn't mean he's been treated unfairly.

I understand why Mr W complained to HDI, and I hope he feels reassured I've checked the pricing information from HDI. But I can't say it has made a mistake or treated Mr W unfairly. And so, 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 Mr W to accept or reject my decision before 14 March 2024.

Nicola Beakhust  
**Ombudsman**