



FINAL DECISION	
complaint by:	Ms W
complaint about:	Halifax General Insurance Services Limited
complaint reference:	
date of decision:	June 2012

This final decision is issued by me, Tony Boorman, an ombudsman with the Financial Ombudsman Service. It sets out my conclusions on the dispute between Ms W and Halifax General Insurance Services Limited (which I refer to as Halifax). Under the rules of the Financial Ombudsman Service, I am required to ask Ms W either to accept or to reject my conclusions, in writing, before 30 July 2012.

summary of complaint

This dispute is about the decision to withdraw Halifax Pet Insurance from the market, the impact this will have on Ms W's dog, Lucky, and the costs Ms W may now incur in relation to veterinary bills that would otherwise have been covered by her insurance.

my provisional decision

I issued a provisional decision on 27 March 2012 upholding this complaint. I concluded that Halifax had not handled fairly its decision to withdraw from the pet insurance market.

I explained that I could not require Halifax to offer Ms V cover on any particular terms. But in the absence of suitable continuing cover, I concluded it should compensate Ms V. I suggested a mechanism to "top up" for the next three years any independent insurance policy Ms V chose to purchase – to compensate her for any loss she experienced from the treatment of Lucky's pre-existing conditions.

I recognised, however, that these arrangements might be complex administratively. I was mindful, too, of the large number of consumers in a similar position to Ms W. So I asked Halifax to consider how best it could respond to Ms W's concerns.

Ms W's representative said that the proposed redress did not compensate her enough and would leave Ms W to find the cost of Lucky's treatment *beyond* the proposed three years.

Halifax also responded. It raised a number of technical points about my provisional decision and its responsibility (and those of its past business partners) for the various activities behind this insurance. Halifax acknowledged that some of its customers may be having difficulty finding alternative cover for their pets' pre-existing conditions – now that their Halifax-branded pet insurance policy has ended.

I am pleased to say that that Halifax has now told me that it is prepared to offer a completely new policy for Halifax and Lloyds TSB pet insurance customers, who have pets with pre-existing conditions which were insured under the previous policy, and who may not have been able to secure alternative cover.

In the particular circumstances of this case, Halifax now proposes that Ms W should be offered the new policy. It says this will be based on the previous policy provided by Agria – offering cover, subject to the policy terms, conditions and limits, for Lucky’s pre-existing conditions which were not present at the time Ms W took out her original policy.

Halifax will also compensate Ms V for any policy cancellation costs she incurs if she cancels any policy she may have purchased following Halifax’s initial decision to exit the market. And finally, it will also pay the £200 distress and inconvenience award I proposed.

I understand that overall Ms V is content with this offer from Halifax, although she remains upset by the original decision and concerned that Halifax might again decide to exit the market.

my findings

I have considered both parties’ responses to the findings in my provisional decision.

I am pleased that notwithstanding its differences of view on some points in my provisional decision, Halifax has responded positively and constructively. It has now offered Ms V what she (and many other customers like her) wanted from the first – an ability to continue to obtain lifelong cover for her pet – an insurance policy that covered those “pre-existing” medical conditions Lucky had developed since she initially took out the policy.

I criticised Halifax for its initial errors in this case. So I think it only right now to praise it for having responded in this way.

Halifax’s offer of a new policy in the terms set out above should provide adequate security for Ms W’s future financial arrangements for Lucky. I cannot formally require Halifax to continue to offer the policy, nor to do so on terms Ms V can afford. But I am confident that Halifax would not want to see a repeat of recent events and will consider carefully the needs of its consumers in making future decisions about this insurance.

I recognise that Ms W was very worried as a result of Halifax’s decision and that she feels that £200 is a modest sum in the circumstances. I see the force of her points here and certainly, if any serious ill health had befallen Lucky, my conclusion here would probably have been very considerably different. But in this case, recognising the significant and welcome steps Halifax has now taken, I think it represents fair compensation for the distress and inconvenience it has caused.

my decision

For the reasons set out above (taking account of my observations about Halifax’s conduct in the provisional decision), my decision is that Ms W’s complaint should be upheld. And, in full and final settlement of the complaint, I order Halifax to honour the offer set out above, should Ms W wish to accept it, and to pay Ms W £200 in respect of distress and inconvenience.

Tony Boorman
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