

The complaint

Mrs C has complained that Building Block Insurance PCC Limited (BBI) has declined a claim she made under her pet insurance policy on the ground that the treatment claimed for related to a pre-existing condition.

What happened

Mrs C's dog, which I'll refer to as "R", was insured by BBI from 27 December 2019. In 2018, before this insurance was taken out, R was noted to have had a lump on her shoulder. Her vet suspected it was a benign skin tag and didn't treat it at the time but noted that if there were any changes removal should be considered.

In March 2021, the lump ruptured, and R's vet recommended that it should be removed. On 23 April 2021, during clipping of R's fur in preparation for her surgery, the vet noticed another "pea sized" lump that had not previously been noticed. Mrs C gave permission for this new lump to be removed at the same time. The original lump was subsequently determined to be a benign lipoma. The new lump was determined to be a Grade II/low grade mast cell tumour (MCT).

Mrs C made a claim under her policy for the cost of the surgery. She was aware that she wasn't covered for the treatment of the original lump as it had been noted before she took out the policy and was therefore a pre-existing condition.

BBI rejected Mrs C's claim for the treatment of the new lump. It referred to the terms of her policy which excludes claims for Pre-existing Conditions and for Associated Conditions, which are defined as follows (my emphasis underlined):

PRE-EXISTING CONDITION:

Any diagnosed or undiagnosed Condition which has occurred or existed, or has shown signs or symptoms of existing in any form before the Policy Start Date or within the Waiting Period in the first Period of Insurance. This also includes any diagnosis or any clinical signs caused by or resulting from an Accidental Injury or Illness Your pet had on an Associated Condition before the Policy Start Date or within the Waiting Period in the first Period of Insurance.

ASSOCIATED CONDITION:

An Associated Condition is one that falls into any of the below categories:

Bilateral Conditions are any Illness or Accidental Injury that affects bilateral body parts of which Your pet has two, such as but not limited to, ears, eyes, cruciate ligaments, hips and patellae.

Recurring Conditions that are related to or caused by a previous Illness or Accidental Injury that may return or Your pet may become prone to, regardless of the number of times the Illness returns.

Related Conditions that are related to or caused by a previous Illness or Accidental Injury shall be treated as the same Illness and will be subject to one Benefit Limit being applied to that Illness irrespective of where the clinical signs are noticed in or on Your pet's body and whether diagnosed or not unless Your Vet confirms these are unrelated. We may seek confirmation of this from a Vet appointed by Us.

BBI maintains that the second lump was a Pre-existing or Associated Condition as it was "related to" the original lump, and the cost of its treatment was therefore excluded from the policy.

Following BBI's rejection of Mrs C's claim, the veterinary surgery provided a letter which stated:

"Please see below the clinical note from our vet [name] stating that the second lump was found on the day of surgery, and therefore not a pre-diagnosed condition.

"[Vet's] notes to ins claim

As said in notes hx on 23.04.2021 during clipping of the op field found 2nd lump, called owner and gained permission to remove this additional lump (small pea sized R shoulder) this lump after histology is a MCT. This was a new found lump on the day which became visible after clipping the fur".

This clinical note proves that the 2nd lump found on [R] was not a pre-existing lump, and was found on the day of the surgery, therefore should not be excluded from the client's policy."

BBI has not sought any confirmation of this information or of any association between the two lumps from its own appointed veterinary advisors.

As she wasn't satisfied with BBI's continued rejection of her claim, Mrs C brought a complaint to this service. Our investigator's view was that it appeared that the claim was declined by BBI based on an assumption that the two lumps were associated. She didn't think this was very persuasive and didn't consider that BBI had acted fairly in declining Mrs C's claim. Her view was that BBI should pay the costs associated with the removal of the second lump.

BBI doesn't agree with our investigator's view and maintains its position that the second lump was a Pre-existing/Associated Condition. It's asked that the complaint be referred to an ombudsman. It's therefore been referred to me for a final decision from this service.

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.

I'm upholding Mrs C's complaint and I'll explain why.

I've referred to the terms of Mrs C's policy and have taken into account what it says about the exclusion of Pre-existing and Associated Conditions. However if BBI wishes to rely on an exclusion in the policy to decline a claim it has to provide evidence as to why the exclusion applies.

In the case of R, I consider that although there were two lumps found on R in the same general area of her body, it is for BBI to show that the second lump was either pre-existing or was "related to or caused by" the original pre-existing lump.

Mrs C's veterinary practice has explicitly stated that the second lump was new and only found on the day of surgery and was not pre-existing. I'm therefore persuaded that BBI can't rely on the Pre-existing Condition exclusion.

The veterinary practice's letter doesn't say whether the second lump was in any way "related to or caused by" the first lump, but R's medical notes show that the lumps were different – the first lump was a benign lipoma and the second was an MCT. BBI hasn't provided any evidence to suggest that an MCT can be "related to or caused by" a benign lipoma. I consider it would need to have done so to support its rejection of Mrs C's claim on the Associated Condition ground.

My final decision

For the reasons I've given above I'm upholding Mrs C's complaint.

I require that Building Block Insurance PCC Limited settle Mrs C's claim for the veterinary costs associated with the removal of R's second lump subject to any other terms and conditions of her policy.

If Mrs C has paid these costs already, they should be reimbursed to her with interest at the simple rate of 8% from the date she paid them until the date those costs are reimbursed to her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 9 May 2022.

Nigel Bremner
Ombudsman