

The complaint

Mr M complains about how Allianz Insurance Plc have dealt with a claim he made under his pet insurance policy.

What happened

Mr M has a dog, who I'll refer to as P. In July 2020 P suffered an injury to the cruciate ligament on its left hind leg. Mr M made a claim to Allianz to cover the cost of the treatment P needed.

In December 2020, P presented with lameness in its right hind leg. Again, treatment was needed for a cruciate ligament injury, so Mr M made a further claim to Allianz. In this instance however Allianz didn't provide cover for the full cost of the treatment. It said that as the injuries were linked, most likely by an underlying condition, they would be treated as one. Allianz said it had paid up to the maximum benefit limit under the policy of £3,000. Mr M was unhappy about this and complained as it meant he still had a significant vet's bill to pay.

Allianz considered the complaint but didn't change its position. So, Mr M brought his complaint to this service.

Our investigator looked at the complaint and thought it should be upheld. She said she didn't think it was fair to treat the injuries as one. They happened at different times and P's treating vet hadn't identified any underlying condition in July 2020 when they performed X-rays on P. So, she said that Allianz should treat the injury in December 2020 as a separate claim and settle it accordingly.

Allianz disagreed and asked for the complaint to be reviewed by an ombudsman. It said its terms and conditions are clear that where an animal has two injuries that are the same, they will be treated as one. And, the policy will only provide cover for 12 months of treatment or up to the maximum benefit limit of the policy.

My provisional decision

I issued a provisional decision on 3 December 2021, in it I said I intended to uphold the complaint for the following reasons:

"I've first looked at what the policy terms say. In this instance; under Veterinary Fees the policy says:

"What we will pay

The cost of veterinary treatment your pet has received during the policy year to treat injury and illness."

There is a further section of the policy which sets out the conditions under which treatment will be paid.

"1. The way we work out the 12 month time limit and the maximum benefit

For injuries

1. The 12 months cover and the maximum benefit start from the date the injury happened. If your pet has more than one injury, if

- They are diagnosed as the same injury, or
- They are caused by, or relate to, one another,

One period of 12 months and one maximum benefit applies for all of the injuries. In this case the 12 months of cover and the maximum benefit starts from the date the first injury happened.....”

It's long been held approach by this service that where injuries to animals aren't linked by an underlying cause, it isn't fair to treat them as one injury/condition. In this instance the treating vet x-rayed P's legs and hips in July 2020 and noted both the right hind leg and hips to be within normal limits. While Allianz has pointed to research which suggests cruciate ligament injuries are nearly always caused by cruciate disease. In this instance, I'm more persuaded by the treating vet who saw, assessed and treated P. So, while taking a strict interpretation of the policy terms would mean Mr M has been paid the correct amount, I don't think this is fair and reasonable in the circumstances of these claims.

*I've also considered the information that was made available to Mr M when he took the policy out. The Insurance Product Information Disclosure document (IPID) explains that for **each** (my emphasis) illness and injury, a 12-month period of treatment and monetary limit is provided. There is no similarly prominent description in the “What is not insured” or the “Are there any restrictions on cover” sections which explains these limits can be restricted in the way described above where an animal has two injuries of the same diagnosis. I think this a significant restriction on cover and something that should be brought to a policy holders' attention. So, irrespective of the conclusion I have drawn above, for this reason I also don't think it is fair or reasonable for Allianz to limit the claim payment to Mr M in the way it has.*

Having reviewed everything, I intend to uphold this complaint and direct Allianz to treat Mr M's second claim as a new claim. It should pay Mr M's claim less any applicable excess and amounts previously paid. If applicable, it can apply a new 12-month treatment or maximum benefit limit of £3,000. Any amounts paid to Mr M should include interest at 8% simple per annum, from the date it initially made payment to Mr M to the date it makes the settlement.”

Responses to my provisional decision

Mr M responded saying he accepted my provisional decision.

Allianz said that it didn't accept my provisional decision. It said the vet that responded and provided opinion was not the treating vet but another at the practice. It provided further veterinary commentary which, in brief, made the following points:

- The cruciate ligaments were ruptured within 12 months of each other with minimal trauma. The dog was undertaking normal activities.
- The cruciate ligament in dogs deteriorates over time, it ruptures when the ligament is weak.
- These cruciate instances should be seen as end-stage rupture as a result of an illness.
- There has been a lot of research into cruciate disease and in its experience where cruciate disease is present the second cruciate will rupture within 12 months of the first.

- P had all of the risk factors associated with cruciate disease and therefore it is natural to conclude they were suffering with cruciate disease rather than suffering two separate injuries. This is an accepted reality of veterinary practice in the UK.

Allianz also provided the opinion of a veterinary expert which mentioned the following:

- They reviewed the x-rays taken in July 2020 and confirm they do not show Degenerative Joint Disease
- There was no significant traumatic event reported which caused the breakdown of the ligaments.
- The degenerative disease process slowly weakens the ligament to a point it suddenly breaks down under mild stress.
- P fits the statistics that 20-40% of dogs with degenerative breakdown of the ligament go on to have bilateral disease, however it should be noted that P's breed is not one that is listed as being prone to Degenerative Joint Disease.
- In conclusion, they report, the fact there was cruciate breakdown without significant trauma indicates a degenerative disease process. While the x-rays do not show widespread joint involvement, this does not mean degenerative joint disease isn't present, simply it has not yet progressed to osteoarthritis. The disease process links the two illness events to the same underlying cause.

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 main thrust of Allianz's arguments turns on whether the cruciate ruptures should be treated as an injury or an illness. Its point is that they occur as a result of degeneration of the ligaments and therefore break under minimal stress. So they break as an end-result of illness/disease. I take from this Allianz is implying that under the disease section of the policy, the claims have been treated correctly as the maximum benefit limit starts from the first point the clinical signs were noticed.

As I mentioned in my provisional decision, my first port of call when looking at claims is the policy documents, as these are what set out the cover a policyholder can expect.

In this policy the definition of an injury is *"Physical damage or trauma caused immediately by an accident. Not any physical damage that happens over a period of time."*

Taking Allianz's arguments into account, it could be argued that the physical damage to the ligaments occurred over time as they naturally became weaker – so in this instance P's ruptures wouldn't be classed as injuries. However, there is no specific evidence of the weakening of the ligaments in relation to P. The X-rays also do not show any abnormalities in the bones.

However, it can also be said here the trauma to the ligament(s), its rupture happened immediately. Accident is not defined in the policy document so I have looked at its everyday meaning, which can be said to be - a sudden event which is not planned or intended and that caused damage or injury. So, I think based on the policy definitions the rupture of the cruciate ligament can reasonably be treated as an injury as it occurred immediately as a result of an accident. I also note the evidence the veterinary expert pointed to also makes the point that ruptures can happen as a result of landing (i.e. catching a ball) and can also

occur in unfit dogs - so it can't be said they only happen as a result of disease.

Overall, having considered everything, I'm satisfied that based on the policy terms, ruptures can fit the definition of injury or illness under the policy.

Even if I was persuaded by Allianz's arguments here about how cruciate ruptures can be caused by an illness/disease, I'd still have to take into account the specific circumstances that happened and how P's cruciate ligaments became ruptured. The first rupture happened as a result of P chasing a ball. So, I would be inclined to say here, based on what I have explained above, the first rupture could reasonably be classed as an injury. And I say this, as I am mindful there seems to be no evidence specifically relating to P that suggests weakened ligaments or an underlying illness/disease.

However, if I then accept, based on what Allianz have presented, that the first cruciate rupture provides a suggestion of a weakness in P's ligaments (but the first rupture due to its circumstance is attributable to an injury), there could be scope to say the second rupture may have happened as a result of an illness. However, there is still no specific evidence of this.

Overall, having considered everything, I still don't think Allianz have provided persuasive evidence that specifically links to P and points to the fact both cruciate ruptures should be treated as happening as a result of an illness/disease or the same underlying linked cause. So, my decision that it should pay the claims separately remains the same.

My thoughts around how the Insurance Product Information Disclosure document (IPID) is worded remains relevant. I don't think the potential restriction on claims payment was sufficiently drawn to Mr M's attention – the wording explains that for **each** (my emphasis) illness and injury a 12-month period of treatment and monetary limit is provided. And there is no similarly prominent explanation about how those claim payments could be limited.

Putting things right

To put things right Allianz should:

Treat Mr M's second claim as a new claim. It should pay Mr M's claim less any applicable excess and amounts previously paid. If applicable, it can apply a new 12-month treatment or maximum benefit limit of £3,000. Any amounts paid to Mr M should include interest at 8% simple per annum, from the date it initially made payment to Mr M to the date it makes the settlement.

My final decision

My final decision is that I uphold Mr M's complaint against Allianz Insurance Plc. I direct it to put things right as I have set out in the section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 April 2022.

Alison Gore
Ombudsman