

The complaint

Miss A has complained that Bought by Many Ltd (BBM) has mis-sold her pet insurance by advising her that her pet kitten would be covered for a kidney abnormality but then declining a claim on the ground that it was a pre-existing condition.

What happened

When Miss A was due to acquire a 5-month-old kitten, she researched pet insurance. I'll refer to the kitten as "P". She emailed BBM on 23 January 2020 and explained that P had been born with one regular kidney and one smaller kidney. She said that this had not had an effect on P's health, she showed no signs of illness, and she was a healthy kitten.

BBM replied by email the next day. It told Miss A that it defined a pre-existing condition as anything her pet has had treatment, medication or advice for in the last 24 months. It told her that it did offer a Pre-Existing policy that could help to cover pre-existing conditions, but the condition must have been treatment, medication and advice-free for three months before the policy is taken out. If Miss A chose not to buy the Pre-Existing policy, any pre-existing conditions couldn't be covered, which meant that anything her pet had had treatment, medication or advice for during the last two years would be excluded under the policy if it occurred.

BBM said that as P showed no signs of illness and was healthy she could get a quote for a lifetime policy.

Miss A sought further clarification by asking if that meant that if P had no health issues due to her kidneys, she could take out a regular lifetime policy and be fully covered. BBM replied to say that was absolutely correct.

Miss A asked for further clarification again on 10 February 2020. She said that P had had tests done to determine kidney function, but she had not had any diagnosis of any illness as a result of the tests. She asked whether, if P had not been officially diagnosed by a vet with any illnesses regarding her kidneys, would she be fully covered for any issue with a lifetime policy. Again, BBM confirmed this as correct.

Miss A took out a lifetime policy with BBM on 13 February 2020 to cover P. She submitted a claim for veterinary treatment in November 2020 which included kidney function tests, but BBM declined the claim on the ground that the kidney abnormality was a pre-existing condition and therefore excluded.

In its final response to Miss A, BBM accepted that its call handler shouldn't have told her that P would be covered under a lifetime policy. It explained that P's condition had been referred to its veterinary advisors. Their view was that P's kidney abnormality had been identified when she was spayed on 21 January 2020, which was "advice". Blood and urine tests were taken on 5 February 2020, and that this was considered to be "treatment". P's condition was therefore a pre-existing one as there had been treatment and advice regarding P's kidney abnormality in the 24 months before Miss A's policy started.

Because Miss A had been given misleading advice, BBM agreed to meet the claim for the veterinary consultations on 17-19 November 2020 (£117.92) which it says it wasn't required to do under the policy as the treatment was recommended by P's breeder and not advised by the vet. However it said it wouldn't be able to pay any further claims relating to P's condition, but if she didn't receive any further treatment, medication or advice relating to her kidney abnormality for 2 full years, the condition could be treated as a new one thereafter.

Miss A said she wanted to switch to a pre-existing policy as from the beginning of her cover or to receive a refund of premiums. BBM has said that switching to a pre-existing policy is an option but the condition would need to be treatment-free for at least three months before the new policy would cover it.

As Miss A wasn't satisfied with BBM's response to her complaint, she brought it to this service.

Our investigator's view was that although Miss A had been given misleading information by BBM, it was also reasonable to know that as a vet had observed and recorded P's kidney abnormality, that it would likely be classed as a pre-existing condition. She didn't think BBM should cover the costs of any kidney related claims until the condition had been treatment free for 2 years. She considered that BBM's agreement to pay the vet costs incurred in November 2020, which it wasn't required to do, was a fair outcome.

Miss A didn't agree with our investigator's view and asked that her complaint be referred to an ombudsman.

I issued a provisional decision upholding Miss A's complaint and received further comments from both BBM and Miss A which I'll refer to below.

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 Miss A's complaint and I'll explain why.

I've considered the exchange of emails between Miss A and BBM before Miss A took out her lifetime policy. I think it's clear that she wanted to clarify whether or not a lifetime policy, rather than the more expensive Pre-Existing policy, would cover P for any health issues arising from the fact that she had one normal sized kidney and one abnormally smaller one. She was told quite clearly that it would, and she took out a lifetime policy on the strength of that.

I don't disagree with what BBM has said in its final response letter about the identification of the abnormality being "advice", and the tests taken being "treatment" and therefore the condition should be treated as pre-existing, as her policy defines this as '*anything your pet has had treatment, medication or advice for in the last 24 months*'. But I can understand that Miss A may have not been clear that this was likely to be BBM's interpretation of the policy wording, which was why she sought clarification.

So in my opinion, Miss A was misled by BBM, in particular as to whether the identification of one kidney being smaller than another constituted "advice", and tests being "treatment", and took out a lifetime policy on the strength of this.

I think that P's kidney abnormality is something that most insurers would be likely to regard as a pre-existing condition which may lead to health complications in the future. So it's likely

that if Miss A had disclosed this to any other insurer they would've imposed a restriction on the cover available.

I consider that BBM has acted fairly in agreeing to pay for the cost of the veterinary consultations that P had in November 2020, but I think it needs to go further than that to be fair to Miss A.

In my provisional decision, I said that I considered that the fair outcome would be for BBM to allow Miss A to switch to its Pre-Existing policy if she chose to do so, and that BBM should pay Miss A £100 compensation.

In response to my provisional decision, Miss A said that she no longer wished to switch to BBM's pre-existing policy and would stay with the cheaper and more comprehensive lifetime policy. P remained healthy and it would soon be 2 years since her kidney abnormality had been identified and she hadn't so far shown any ill effects of this. Miss A was waiting for confirmation from BBM as to the exact date when the 2-year exclusion period would expire following which P would be fully covered.

BBM, in response to my provisional decision, said that it accepted it on the basis that the £100 I provisionally required it to pay was a one-off compensatory amount now that Miss A fully understood its approach to pre-existing conditions. It went on to outline how she could transfer to the Pre-existing policy if she chose to.

As I remain of the view that Miss A was initially misadvised by BBM, and took out a lifetime policy with it on the strength of the advice she received, I think it would be fair for BBM to compensate her for the inconvenience and worry she has suffered. If BBM had given her clearer advice, Miss A might've shopped around for alternative cover for P. I consider that £100 compensation would be reasonable in these circumstances, and BBM has agreed to pay this.

My final decision

For the reasons I've given above, I'm upholding Miss A's complaint and I require Brought by Many Ltd to pay Miss A compensation of £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 10 May 2022.

Nigel Bremner
Ombudsman