

The complaint

Mrs R has complained that Jigsaw Insurance Services Plc unfairly removed her cover for prosthetics from her lifetime pet policy.

What happened

Mrs R bought her policy in June 2018 via a comparison website and then through Jigsaw's own website. The insurer at that time is an entity I shall call insurer A. The policy included cover for hip replacements. Mrs R's dog was diagnosed with hip dysplasia and Mrs R made several claims for her dog's hip dysplasia.

The policy came up for renewal in June 2021 and Jigsaw's renewal invite advised her policy would now be underwritten by an insurer that I shall call insurer C. The terms of the policy had also changed removing the cover for prosthetics. There was also a change in excess and premium.

Mrs R's vet had previously advised that her dog would require at least one hip being replaced, so Mrs R was unhappy her lifetime policy now excluded this given it wouldn't cover prosthetics. So, she complained. Jigsaw didn't think it had done anything wrong as it said the changes were instigated by insurer C not Jigsaw.

As Mrs R remained dissatisfied, she brought her complaint to us. The investigator was of the view her complaint should be upheld and that Jigsaw should pay for the cost of her dog's hip replacement up the policy limits, adding interest if Mrs R had already paid for it. Mrs R agreed with the investigator's assessment. Jigsaw did not. It said the terms of policy permitted policy terms and conditions to change over time.

On that basis Mrs R's complaint was passed to me to decide.

I issued a provisional decision on 11 August 2022 and I said the following:

'Investing in a lifetime cover policy for a pet tends to denote a wish by the policyholder to have their pet covered for life subject to the policy's limitations. These policies are therefore sold on that promise. In the Insurance Product Information Document (IPID) it told Mrs R the following:

'4Paws Pet Insurance – Life plus provides cover for veterinary treatment costs, due to illness or injury, for the lifetime of your pet.

...

Although cover is annually renewable, provided we offer and you accept our renewal invitation, you pet will benefit from continuous cover including costs for recurring conditions.'

In the original welcome email, it also told Mrs R the following:

'Please find attached your Certificate of Insurance and Statement of Fact which you must read in conjunction with the policy wording and keep for the life of your policy [my emphasis]'.

And here this policy was sold to Mrs R by Jigsaw. Mrs R's dog will most probably require at least one hip replacement which will require the fitting of a prosthetic, which is now excluded from her policy given insurer C's limitation. There is clear evidence of this from Mrs R's vet. Mrs R also will be extremely unlikely to find any cover for this hip dysplasia from any other pet insurer since it would be classed as pre-existing and therefore excluded.

Like the investigator, I consider now excluding the fitting of a prosthetic is a significant change in the level of cover Mrs R thought she had, given her dog's dysplasia condition. Because it means that, unlike what was promised when she bought this policy, she now doesn't have the promised continuous cover for any condition her dog developed whilst covered by this policy, namely the hip dysplasia which will need at least one joint replacement. And I consider that's unfair, given this is a lifetime policy for her dog.

Insurer A withdrew from the pet insurance market and insurer C took over Mrs R's policy for Jigsaw. Jigsaw said this is an annual policy and that's correct but it also means cover is continued year on year, provided Mrs R renewed each year as detailed above, in the IPID. It also said that can also mean that policy terms could change, as the policy terms indicated here, namely over time.

However, that doesn't mean the insurer's changes to the policy terms will always be fair. I consider any changes need to be fair and reasonable, which shouldn't be fundamentally changing the cover promised to Mrs R when she took out this policy. The investigator asked Jigsaw several times whether it was responsible for wanting to sell this policy as in it went out and found an insurer for the policy types it wanted to sell. Or whether insurer A was responsible. Sadly, Jigsaw wouldn't confirm any of this. But it did say the following:

'When [insurer A opted to withdraw as an insurance underwriter in the pet insurance market, an alternative insurer was required for the 4Paws lifetime pet insurance products to continue and to be able to invite Mrs R to renew her cover.

There were discussions with a number of pet insurance underwriters and the best agreement available was reached with [insurer C].

....

We feel the best action was taken to allow the 4Paws pet insurance to continue when [insurer A] made their decision to withdraw ...'

From this and the fact another insurer, namely insurer C, took over this cover from insurer A, I consider it's most likely that it was Jigsaw seeking compatible insurers to underwrite its policies rather than the insurer seeking a partner to sell the policies. Therefore, I am satisfied it is Jigsaw's responsibility to honour its promise to provide lifetime cover for Mrs R's dog, for whatever conditions arose for her in the time of cover. Mrs R has kept her end of the duty to renew each year, after all.

So, I consider as Jigsaw chose to market and describe its policy as lifetime cover, (and whilst it's not its fault insurer A withdrew from the market and insurer C didn't wish to cover prosthetics), it nonetheless has a duty to ensure its information at the

time Mrs R bought her policy was clear, fair and not misleading. It was clear in my view, as it clearly was providing lifetime cover for Mrs R's dog.

If, however, Jigsaw wanted to provide the policy on the basis there could be such significant changes to the terms at a later date (meaning that it wasn't in fact lifetime cover) it should have made that clear at the outset which wasn't the case here. That would have meant that it shouldn't have been marketed in the way it was. I don't consider a policy terms saying terms could change over time covers this, as the failure to provide the cost of prosthetics is a significant and fundamental change to the promise of lifetime cover given Mrs R's dog was diagnosed with hip dysplasia.

Obviously, the promised lifetime cover hasn't happened here, given the limitation of insurer's C cover, which is something specifically that Mrs R's dog needs. I consider Mrs R now requires the promise of lifetime cover for her dog to include all the treatment necessary subject to the policy's monetary limitations. Otherwise she has had no opportunity of a clear and informed choice at the time she bought her policy. It's also not enough to simply refer to terms and conditions. Mrs R thought she was buying lifetime cover for her and had no reason to believe the treatment her dog will need would be limited in the way insurer C is only now prepared to cover it.

So, I consider Jigsaw should now pay for any prosthetics Mrs R's dog might need given this hip dysplasia and that should encompass both hips, not just the one Mrs R presently knows is likely to be replaced.

Mrs R has recently told us that her dog is in continuing pain and was seen by the vet in June 2022 where her medication was changed and again at the end of July where the vet has confirmed her condition is deteriorating and that she needs the hip replacement soon. So, Mrs R is understandably anxious to be able to get this matter sorted out, so that her and her vet can get on with treating her dog under this lifetime policy. I consider that this is obviously distressing for Mrs R. Therefore, I consider it's reasonable that Jigsaw should also pay Mrs R £250 compensation for the upset and distress this matter has caused her.'

Mrs R accepted my provisional decision, Jigsaw didn't.

It said the following:

'We disagree with the decision that the Ombudsman has provisionally made against us –

- We are being penalised for something that was not our decision, as it was insurer A that made the decision to withdraw as an insurer in the pet insurance market and insurer C who removed cover for prosthetics.*
- In regard to the statement quoted in the provisional decision, it is correct as veterinary treatments costs are covered. 4Paws Pet Insurance – Life plus provides cover for veterinary treatment costs, due to illness or injury, for the lifetime of your pet.*
- In regard to this statement, insurer C have continued to provide cover for recurring conditions. Since Mrs R renewed her policy with insurer C as the insurer, claims have been settled for the Hip Dysplasia condition, previous settled by insurer A.*
- [The policy says] although cover is annually renewable, provided we offer and you accept our renewal invitation, you pet will benefit from continuous cover including costs for recurring conditions.*
- Insurer C have not removed cover for a condition but that they will not provide*

cover for a treatment that requires prosthetics and have not removed cover for any alternative treatments.

- General Insurance products are standardly offered on a 12-month renewable basis and the customer is invited to renew based on the terms offered at that renewal. No guarantee is given that the terms will not change.*
- There does need to be a mechanism for change in circumstances such as this and any alterations required due to new or amended legislation. The change was made in accordance with the regulatory requirements.*
- As Mrs R's dog was not been diagnosed with Hip Dysplasia until February 2021, it's unclear how this would have impacted her decision when first purchasing the pet insurance in 2018.*
- The provisional decision is that we should cover the costs of the hip replacement and a potential future hip replacement; however, no amount limitation has been detailed and must presume that you expect this to be as part of the £7000 annual veterinary fees limit.'*

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 again, I remain of the reasoning as expressed in my provisional decision.

This is because Mrs R was promised lifetime cover for any conditions her dog developed during the life of the policy on the provision that she renewed each year. Her dog sadly developed hip dysplasia, and namely one hip now requires a replacement prosthetic which has been removed from cover. So, in effect she is no longer able to have the benefit of the lifetime cover she bought originally because she would have to pay for the prosthetic required to be used to replace the hip joint regardless of the policy limit of £7,000 per year. Sadly, there is no other method of replacing a hip joint without a prosthetic so alluding to alternative treatments as Jigsaw has done above, doesn't make much sense.

As I explained in my provisional decision, the removal from cover of the prosthetic is significant in Mrs R's case as her dog requires a prosthetic, so the promise of lifetime cover by Jigsaw is thereby unreasonably limited in very particular circumstances of Mrs R's case. So, on that basis as a provider, if Jigsaw set out to market and promise lifetime cover which naturally induces the consumer to buy it which Mrs R did in 2018, and then fails to deliver it in 2022, because the cover has been limited, it's unfair and unreasonable. Because simply in that case, Jigsaw can't honour the promise it gave Mrs R in 2018. So, what Mrs R bought in 2018 isn't promising what it said it would do in the situation she is facing with her dog's hip dysplasia now, given the most important promise of lifetime cover.

I don't know how much the actual cost of a prosthetic is for such a joint replacement but given they tend to be rather bespoke to the actual dog, it appears to me that it could cost a substantial amount of the overall cost of the operation. Hence most likely the reasons for insurer C not wishing to cover that cost.

So, because Jigsaw promised Mrs R lifetime cover that is a guarantee of exactly that, lifetime cover irrespective of the fact the policy is annually renewable. So, excluding a possible significant cost of the total of a joint replacement now, it remains unfair and unreasonable for Mrs R's circumstances. The risk of things changing over the lifetime of the policy such as this, must be the provider's not the policyholder's with the exception of things like premium levels and co-payment percentages as otherwise it is wrong to induce a consumer in 2018 to buy a lifetime policy promising cover for any necessary treatment up to

the policy limits and then exclude a potentially significant amount of the costs of the treatment required in 2022.

For the avoidance of any doubt throughout my provisional decision and now, I have always referred to the policy's monetary limits. So for example say the hip replacement cost £5,000 and the prosthetic cost £3,000 and Mrs R had the benefit of £7,000 unused cover, I would therefore expect insurer C to pay the £2,000 less the excess from Mrs R, Jigsaw to pay the £3,000 being the prosthetic cost with Mrs R to pay the excess. If the costs of the surgery exceed Mrs R's cover level then I would expect the proportionate reduction to be shared equally between insurer C, Jigsaw and the remaining amount Mrs R would need to cover herself.

My final decision

So, for these reasons, it my final decision that I uphold this complaint.

I now require Jigsaw Insurance Services Plc trading as 4Paws to do the following:

- Confirm that when Mrs R presents her claim for the hip replacement her dog requires, it will compensate her the costs of the prosthetic which isn't covered by insurer C presently underwriting her policy as detailed in the example above.
- If throughout the remaining lifetime of Mrs R's dog and if Mrs R continues to renew this policy, and if her dog then requires the other hip replacement, it should likewise compensate Mrs R up to the costs of that second prosthetic as detailed in the example above.
- Pay Mrs R £250 compensation for the trouble and upset caused to her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 13 September 2022.

Rona Doyle
Ombudsman