

The complaint

Mrs S has complained that Building Block Insurance PCC Ltd (BBI) didn't pay her claim under her pet policy in full and up to the limit of the cover provided by her policy.

What happened

In August 2021, Mrs S' dog required an operation to repair his cruciate ligament which cost in £4,057.28. So following the operation, Mrs S' vet presented the claim to BBI.

Initially BBI merely paid £281.79 of this claim as it said £3,685.49 wasn't itemised properly by the vet. The vet provided the requested itemisation and BBI then decided not to pay £874.00 of the costs of anaesthesia for the operation saying that should only be charged at £250.00 and it refused to pay £9.85 for the disposal of surgical waste. Mrs S said BBI never discussed these deductions with her or with her vet. The vet history notes difficulty in communicating with BBI also.

Mrs S didn't think this was fair as the costs claimed were covered by her policy and BBI said it had assessed and 'accepted' her claim. BBI wouldn't change its view. So, she brought her complaint to us. The investigator was of the view that the complaint should be upheld and that BBI should pay the remainder of the anaesthetic fees plus the surgical waste fees. And pay Mrs S £100.00 compensation.

BBI disagreed without detailing its reasons as to why, so Mrs S' complaint has now been passed to me to decide.

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 I'm upholding this complaint. I'll now explain why.

In order to claim that something is not covered by the policy BBI has to show first that it's clearly laid out in the policy terms and conditions that it's not covered and secondly that by its underwriting guide it treats all policyholders the same in the same circumstances so that no one policyholder is singled out and treated unfairly. In other words, the guidance in the underwriting guide is applied to all policyholders in the same way. No underwriting guidelines have been disclosed to us by BBI.

So, BBI has not demonstrated any of above here. The policy terms and conditions clearly state Mrs S' claim should be covered up to the maximum benefit level she has bought, which BBI has not done, sadly.

In the Mrs S's schedule, her cover for vet is £4,000.00 per year, less the excess of £90.00. In the policy document this shows that Mrs S bought the Elite Extra and that treatment costs need to be supported by an original invoice from the vet.

It says the following as regards vet fee's that what is insured is '**Treatment by a Vet for Illness or Accidental Injury**'. The only relevant issues that are listed as not covered are if treatment costs are not supported by an original invoice from the vet, plus any claim not related to the treatment of an illness, including but not limited to consumables. Treatment is defined as including '*any consultations, examination, advice, tests, x-rays, slides, ultrasound and MRI, medication, surgery or nursing care that has taken place and been provided by a veterinary practice or qualified practitioner recommended by a Vet.*'

Under the general exclusions section at the end of the policy document, it says the following:

'4. Vet Fees will only be paid if they are reasonable and essential for Your pet's health and well-being. We may limit this to a maximum mark-up of 100% for medication and dispensing fees.'

BBI initially didn't pay the vast bulk of the claim because it required an itemised breakdown of the fees from the vet. However, the policy doesn't explain that the vet needs to do this, the policy merely provides it requires an 'original vet invoice'. Here, since the vet made the claim direct to BBI, there was no issue in my view that an original invoice from this vet wasn't presented by Mrs S' vet in the original claim. So, I don't consider it was reasonable of BBI to demand an itemised invoice from the vet thereby delaying the claim and causing Mrs S distress and upset.

The deduction of the anaesthetic fees is not detailed in the policy at all, as quite obviously a dog requires anaesthesia in undergoing a cruciate ligament repair operation, and since no underwriting guide was made available to this service, there is nothing to show me that this decision to reduce the anaesthetic fees to a mere £250 from £874.00 is at all fair or reasonable. Nor does it show me that BBI are treating its customers fairly in line with the regulations under which it must operate as detailed by the regulator the Financial Conduct Authority. BBI has a duty to not single out Mrs S and treat her any differently to anyone else. Here, it appears someone arbitrarily decided the anaesthetic fee was too high and decided even more arbitrarily to reduce it to yet another arbitrary figure of £250 without no evidence to back this up or to show me that Mrs S wasn't singled out unfairly, being disclosed to this service at all. I don't consider that's fair and reasonable and I consider these cost should be paid immediately and with interest. This has certainly caused Mrs S further distress and upset.

I find it inexplicable why BBI decided the consequent itemised cost of the disposal of surgical waste following a surgical procedure where the claim for this surgery was deemed 'accepted' by BBI should also be excluded. This amounted to £9.85. There is no rationality or reasonableness in this decision at all, more so BBI produced no evidence to support this decision as it can't be classed as a consumable. In my view it simply served to show up BBI's lack of care in dealing with Mrs S's confirmed and accepted claim in my opinion. It clearly forms part of the 'treatment' this dog required as it came about as a result of the surgery this dog underwent. If such issues were to be routinely excluded, then I would expect the policy to clearly identify them, but it doesn't. Therefore, I consider that there is no mechanism detailed in the policy for this to be deducted and it should be paid immediately with interest.

Further there is no mechanism in the policy document as to who decides what is 'reasonable' treatment or indeed what a 'reasonable' cost of any treatment should be. When there is such a lack of clarity, it's a clear legal principle that the benefit of any doubt must be given to the consumer and not the insurer, more so despite being asked, BBI was unable to detail any reasons for its decisions to reduce these costs of Mrs S' claim other than some 'statistical research', which it didn't disclose. As the investigator mentioned when he looked at the average costs for the type of surgery required for Mrs S' dog, those costs can range

from £4,500.00 to £6,000. As Mrs S' vet charged £4,057.28, there's no indication this vet's charges were excessive in any way.

The manner in which BBI dealt with Mrs S' claim, more especially its lack of coherent reasoning for any deductions it made, has caused Mrs S an unacceptable level of distress and upset. More so since BBI confirmed in writing that her claim was 'accepted'. The investigator recommended BBI should pay Mrs S compensation in the sum of £100. And I agree with this.

My final decision

So, for these reasons, it's my final decision that this complaint is upheld.

I now require Building Block Insurance PCC Ltd to do the following:

- Pay the remainder of the anaesthetic fees to Mrs S' vet in the sum of £624. Or if Mrs S has now paid her vet this cost, refund Mrs S this amount instead, adding interest of 8% simple per year from the date Mrs S paid her vet to date it refunds her.
- Pay the sum of £9.85 for the surgical waste cost to Mrs S' vet. Or if Mrs S has now paid her vet this sum, refund this amount to Mrs S adding interest of 8% simple per year from the date Mrs S paid this amount to her vet to the date it refunds her.
- If income tax is to be deducted from the interest, appropriate documentation should be provided to Mrs S for HMRC purposes.
- Pay Mrs S the sum of £100 compensation for the distress and upset it caused her.

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

Rona Doyle
Ombudsman