

The complaint

Mrs N complains that Allianz Insurance Plc trading as Petplan added an exclusion to her horse's policy when it renewed in May 2021. She considers the exclusion to be unfair and wants it changed.

What happened

Mrs N has insurance for her horse with Allianz. Her cover started in May 2020. In December 2020 the horse developed uveitis in its left eye. Mrs N made a claim for the cost of treatment in February 2021. Prior to renewal of the policy in May 2021 Allianz contacted Mrs N to ask if the uveitis had affected her horse's sight. She checked with her vet and confirmed that it hadn't.

Mrs N was sent her renewal documents at the end of April 2021 and Allianz had added an exclusion in respect of claims *'resulting from or connected to the eyes from 26 May 2021'*. Mrs N was unhappy with this exclusion as she felt it was too wide and should be limited to uveitis or any related conditions.

Allianz told Mrs N that if the horse suffered an eye injury, they'd consider a claim, but other eye conditions wouldn't be covered by the policy. And they said they'd review the exclusion when the horse had been clear of uveitis for 12 consecutive months, subject to receiving a completed exclusion review form from her vet, an up to date veterinary history and a customer declaration.

Mrs N wasn't happy with this and Allianz raised a complaint on her behalf.

Unfortunately, at the end of June 2021, after months of treatment for uveitis, the horse had to have its left eye removed.

On 9 July 2021 Allianz confirmed they considered the exclusion to have been correctly applied and in line with their underwriting guidance. They said the exclusion remained broad based on the risk they were prepared to accept after a claim for uveitis. They confirmed they would consider claims for direct external injuries.

Mrs N then complained to our service.

Our investigator considered the case. He said the veterinary records confirmed that Mrs N's horse was diagnosed with uveitis of the left eye in December 2020. The right eye wasn't affected. Mrs N had discussed a number of conditions that could affect the eye with her vet (tumours, entropion, conjunctivitis, blocked lacrimal ducts, keratitis and cataracts), and she'd told Allianz the vet didn't think any of these conditions should be excluded for a horse with uveitis in one eye.

At the time Mrs N couldn't provide confirmation from her vet of what conditions could be regarded as related to uveitis. But our investigator thought it likely that the vet said at least some conditions wouldn't be linked.

Our investigator asked Allianz if they'd obtained any veterinary advice to support the exclusion, but they hadn't. They provided details of their underwriting guidance and he said the exclusion was in line with this.

Our investigator said that insurers are free to decide whether to offer insurance and on what terms. They have different views on the risks they're prepared to cover, and this isn't unreasonable, provided they treat their customers fairly. And Mrs N's policy states that at renewal Allianz can add '*exclusions because of your horse's claims and veterinary history*'.

But for the exclusion to be fair Allianz had to show that there was a higher risk of claims related to the eye, that aren't linked to uveitis. And they hadn't done this.

The Insurance Conduct Of Business Sourcebook (ICOBS) explains the rules and best practices for an insurer. Section 2.5 says a firm '*must act fairly in accordance with the best interest of its customer*' and '*must not seek to rely on any exclusion unless it is reasonable for it to do so*'.

Having considered this our investigator said that an exclusion for both eyes for uveitis and any linked condition would be fair. But he didn't think a blanket exclusion for '*the eyes*' was fair. So he said the exclusion should be limited to conditions linked to uveitis.

Allianz didn't accept our investigator's opinion. They said they'd discussed the case with their external vet who's said the following: -

'Uveitis in the horse is a very difficult condition to treat and is probably the leading cause of equine blindness. It is also called Recurrent Uveitis and previously Periodic Ophthalmia which as their names suggest explain that repeated attacks occur causing further damage to the eyeball leading to blindness and eventual enucleation as occurred here to control the constant pain.'

Although uveitis is the main focus of inflammation in the uveal tract in the eye, other structures rapidly become involved including the cornea, the chambers of the eye and the lens resulting in potential keratitis, cataract formation and glaucoma.

It is also recognised that Uveitis can affect one or both eyes as it is believed that there is an underlying autoimmune component.

It is for these reasons (extensive damage to the structures of the eye and a potential to be a bilateral condition) that an exclusion is recommended for the eyes at the subsequent renewal once the condition is first noted. This exclusion should be non-reviewable.'

Our investigator considered the vets comment's and said he appreciated that other structures within the eye could become involved once a horse has uveitis. And it may lead to other conditions such as potential keratitis, cataract formation and glaucoma.

And he'd read the article they'd provided saying may cause extensive damage to the structure of the eye and has potential to be a bilateral condition. So he understood why, as an insurer, they'd want to place the blanket exclusion for '*the eyes*'. But this didn't change his opinion that a blanket exclusion would be unfair here.

He'd said in his view that it would be fair to exclude cover for uveitis or *any potentially linked condition*. Then if uveitis developed in the other eye, or it led to keratitis, glaucoma or cataracts for example, their vet could assess the claim and it could be declined if it was linked to the initial uveitis diagnosis.

And he said there were conditions, such as corneal ulceration which could have many causes, so he maintained it wasn't fair to exclude any claim relating to the eye if Mrs N could show it wasn't linked to uveitis.

Allianz replied to our investigator saying they were prepared to amend the exclusion to '*the right eye*' as the left eye had been removed, and not to exclude the eyelids, which wouldn't fall within the 'eye' exclusion.

Our investigator responded to Allianz saying the horse's left eye had been removed. So amending the exclusion to say 'the right eye' didn't change anything. And he remained of the view that the exclusion should exclude cover for uveitis or any potentially linked condition.

Allianz responding saying they didn't agree with the rewording of the exclusion. They said their exclusion was clear and provided certainty to Mrs N about what was covered. Due to the deteriorating and widespread nature of the condition it's very probable that anything further within the eyeball is due to this condition. The exclusion that's been proposed doesn't provide any certainty on what's covered and leads Mrs N to believe a claim may be paid. They say they need to provide clear and certain exclusions so customers can decide if the cover they're offering meets their needs. And they don't believe the proposed exclusion is in Mrs N's best interests.

Since our investigator considered the case Mrs N has provided a letter from her vet saying that as far as she's aware there's no evidence linking uveitis in one eye with other conditions such as neoplasia (sarcomas, melanomas, squamous cell carcinomas, among others) or other conditions in the opposite eye.

We've sent a copy of the letter to Allianz who have confirmed they have no further comments to add.

The case has now come to me for a decision.

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.

Mrs N's horse developed uveitis in its left eye in December 2020. Despite treatment the eye had to be removed in June 2021. From the veterinary records I've seen there's no evidence that the horse has had any problem with its right eye. Mrs N's vet has said she's not aware of any evidence linking uveitis in one eye to uveitis, or other conditions in the other eye.

Allianz have said that due to the widespread nature of uveitis it's likely that any further problems within the eyeball are linked to the condition. But as the left eye has been removed that can no longer be a concern.

For the exclusion to be fair Allianz would need to show that there's a higher risk of claims related to the eye, that aren't linked to uveitis. Which they haven't done.

Allianz have told us that their external vet has said that uveitis can affect one or both eyes and it's believed there's an underlying autoimmune component. So based on the potential for it to be a bilateral condition an exclusion is recommended. But they haven't provided any evidence to show that Mrs N's horse had an autoimmune condition which led to it developing uveitis. And there are other potential causes of uveitis including ocular trauma and a bacterial or viral infection.

As uveitis can be a bilateral condition, I think it's reasonable for Allianz to exclude cover for this and linked conditions. Mrs N has said she doesn't think this is unfair.

But I'm not persuaded that a blanket exclusion of claims for or connected to the eyes is fair or reasonable. While Allianz have said the current exclusion is fair and provides Mrs N with certainty of what's covered, I think the exclusion is too wide. So Allianz should amend the exclusion in relation to the horse's eyes to uveitis or linked conditions. If Mrs N needs to make a claim evidence can be obtained to show whether the condition is linked to uveitis.

My final decision

For the reasons set out above my final decision is that I uphold Mrs N's complaint about Allianz Insurance Plc trading as Petplan.

And to put things right I require them to amend the policy exclusion relating to her horse's eyes so that it just excludes claims for uveitis and linked conditions.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 17 June 2022.

Patricia O'Leary
Ombudsman