

The complaint

Ms I is unhappy that Red Sands Insurance Company (Europe) Limited (Red Sands) declined her pet insurance claim.

Any reference to Red Sands Includes all its agents.

What happened

In August 2013, Ms I took out a pet insurance policy for her dog, who I'll refer to as "O", and selected the "Prime" cover. The policy has been renewed annually since. The underwriter on the policy is Red Sands.

The policy is subject to an annual condition limit of £2,000, an annual policy limit of £7,000, an excess of £99 and a 20% co-payment due to O's age. There is also a policy limit of 365 days for payments to be made from the date a condition is first manifested.

Unfortunately, O suffered a dog attack on 2 March 2019. He attended a veterinary practice on the same day and was treated for a shattered lower mandible (lower jaw). On 4 March 2019, he was referred to a small animal hospital to be assessed further and surgery was then performed on 6 March 2019 on his mandible. Following surgery of the mandible, an ulcer was noted on O's left eye and a few days later in his right eye. On 14 March 2019, his left eye had ruptured and had to therefore be operated on. His right eye was also treated through medication.

Ms I made a claim against her insurance policy for the treatment and surgery O had to have for the fracture and the ulcer in the eyes in March 2019.

Red Sands declined the claim as they said treatment and surgery for the eye was for a pre-existing condition. They said O's vet notes of his medical history showed he had suffered the ulcer in the eye following the dog attack. Red Sands treated the claim as one condition, so it paid the claim up to the policy limit of £2,000 and declined subsequent claims as they were in relation to the same condition.

Red Sands also confirmed to Ms I that it had placed an exclusion on the policy for all claims in respect of eyes and sight, anything to do with dog attack that occurred on 2 March 2019 and claims in respect to the mandible/jaw. The exclusion was placed with effect from 22 August 2019.

Unhappy with Red Sands' response, Ms I brought her complaint to this service. Our investigator upheld the complaint as he said the vet's review of the claim said the eye ulcer was a separate condition to the injuries sustained from the dog attack. He asked Red Sands to assess the claim for eye ulcers separately to the dog attack. He also said that Red Sands should re-calculate the co-payment and excess based on the original claim amount so that Miss I can claim the full £2,000 and, pay the difference to Ms I with 8% simple interest from the date of the original claim to the date payment is made.

Red Sands responded and didn't agree to recalculating the claim but agreed to treat the eye

ulcer for this occasion as a separate condition. However, it pointed out that based on past medical history, O had suffered from an eye ulcer on 23 April 2018 and in accordance with the policy terms and conditions, payment of claims was limited to 365 days from the date the condition first manifested. So, any cover for eye ulcers expired on 22 April 2019 and treatment past this date would have no cover under the policy.

A second investigator looked into the complaint and partially upheld the complaint. He reviewed what's been said before and thought it was fair and reasonable for Red Sands to re-calculate the claim, so Ms I received the maximum benefit allowed under the policy. And, because the way the policy is worded, it would have been reasonable for her to expect to receive cover of up to a maximum of £2,000 per condition. He also said he agreed that there was no cover for the eye ulcers under the terms and conditions of Ms I's policy.

Red Sands agreed to re-calculate the claim and continued to decline the eye ulcer element of the claim.

Ms I disagreed with the investigator and asked for the complaint to be referred to an ombudsman. So, it's been passed to me.

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 insurance industry regulator, the Financial Conduct Authority ('FCA'), has set out rules and guidance for insurers in the 'Insurance: Conduct of Business Sourcebook' ('ICOBS').

ICOBS says that insurers should act honestly, fairly and professionally in accordance with the best interests of their customers, and that they should handle claims promptly and fairly and shouldn't unreasonably reject a claim.

Red Sands has agreed to re-calculate the co-payment and excess based on the original claim amount so that Ms I can claim the full £2,000. It also agreed to pay 8% simple interest per annum on the difference between the original and revised settlement amounts for this claim. They've agreed to calculate this from the date of the claim to the date of the re-calculated settlement. As this part of the complaint has been agreed and there's therefore no longer a dispute, I've only covered this below in terms of what Red Sands needs to do to put this right.

I will go on to consider whether the claim has been declined fairly and reasonably for the eye ulcers and whether that's in line with Ms I's policy terms and conditions.

I've started by looking at the terms and conditions of Ms I's policy as this forms the basis of the insurance contract with Red Sands.

Page 4 of the policy booklet provides a summary of what is covered for claims relating to vet fees. This says:

“Cover is provided for up to 365 days only from the date of occurrence, up to the amount specified in your policy limit.”

The Insurance Product Information Document (IPID) also confirms that there are restrictions to the cover available. On page 1, this says there is a:

“365 day limit per condition, illness or accident.”

I can see that Red Sands has said cover was available from 23 April 2018 until 22 April 2019 (for 365 days) for the claim for the eye ulcers to be covered. Part of the claim was paid by Red Sands in relation to claims following the dog attack and included eye ulcers. Having looked at O's medical history, this shows that he attended his vet on 23 April 2018 due to suffering from an eye ulcer. The notes on 27 April 2018 say O had an ulcer on the left eye due to a cat scratch and medication was given. And on 30 April 2018, the eyelids were checked and O still blepharospasm but can find no sign of cause.

Based on the above terms and conditions, cover per condition is provided for up to 365 days only from the date the condition occurred which means any claims following April 2019 are not covered for eye ulcers. And those claims are also subject to the policy limit.

The notes provided of O's medical history confirm O was treated for an eye ulcer in April 2018 and, because there's a policy limit on the number of days that cover is available for this same condition, this limit has now expired. With that in mind, I don't think cover is available for the treatment of eye ulcers under the policy due to the condition first being manifested in April 2018. While Red Sands agreed the treatment for eye ulcer would be considered as a separate condition, there's 365-day limit on that condition for claims to be paid from when it first manifested.

I understand that Ms I will be disappointed. But overall, I'm satisfied the claim for eye ulcers isn't covered under the policy terms and conditions and that Red Sands hasn't declined the claim unfairly or unreasonably.

Putting things right

Red Sands must do the following to put things right for Ms I in regard to calculating the claim payments:

- Re-calculate Miss I's claim settlement for the costs relating to O's dog attack.
- Add 8% simple interest* per annum on the difference between the original and revised settlement amounts for this claim. This should be calculated from the date of the claim to the date of the re-calculated settlement.

**If Red Sands Insurance Company (Europe) Ltd considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Ms I how much it's taken off. It should also give Ms I a tax deduction certificate if she for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.*

My final decision

For the reasons given above, I partly uphold Ms I's claim against Red Sands Insurance Company (Europe) Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms I to accept or reject my decision before 14 September 2022.

Nimisha Radia
Ombudsman