

The complaint

Mrs S has complained that Casualty & General Insurance Company (Europe) Ltd have unreasonably deducted several items of vet costs from her claim under her pet policy.

What happened

Mrs S' dog required an operation on her cruciate ligament and the total costs charged by her vet was £3,467.48. So, Mrs S claimed this from Casualty. Casualty said her claim was valid, but it deducted £598.29 plus the excess of £90 meaning it only paid her vet £2,779.19.

Mrs S complained that the items deducted weren't reasonable, which her vet also supported. Casualty wouldn't change its stance, so she brought her complaint to us.

The investigator was of the view that some of the items could be deducted given the policy terms, but he thought it should refund Mrs S the costs for consumables, fluid therapy and general anaesthetic.

Mrs S agreed but Casualty didn't, so Mrs S' complaint was passed to me to decide.

I issued a provisional decision on 7 October and I said the following:

'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 intending to uphold this complaint for further reasons than the investigator I'll now explain why.

Casualty deducted the following from Mrs S' claim:

- Warming blanket £55.50
- Buster Collar £11.71
- Consumables £66.61
- Fluid Therapy £72.61
- General anaesthetic deduction £371.30
- Hospitalisation over £100 (per 24 hours) £20.56

And obviously the premium of £90 was also deducted, which was appropriate. I consider the deductions for the warming blanket and the buster collar to be reasonable as they are clearly specified as excluded in the policy. As the policy says the following on page 18 in a long list of what is excluded:

'Any claims for buster collars, medical vests and boot (including warming blankets)'.

However, turning to consumables, fluid therapy, and the large deduction for the general anaesthetic, I agree with the investigator that the policy doesn't provide clear

terms that these are to be excluded. Casualty sought to explain this by pointing to the following:

'General Exclusions

- Vet Fees will only be paid if they are: - Reasonable; and Essential for Your pet's health and well-being. We may limit any payment to a maximum mark-up of 100% for veterinary Treatment, medication and dispensing fees.'*

And it said the following:

'Please note we allow £250 for the cost of general anaesthetic; these costs have been set by the insurer who has deemed this a reasonable fee from their own statistical research.'

But I don't consider this is at all reasonable as Casualty has provided no underwriting guide or any other information for me to consider whether its analysis is indeed fair and reasonable. Vet costs can vary all over the country due to such issues as lower or higher overheads and other things. Casualty like every other insurer must seek to treat all its consumers fairly not just those in one part of the country where such fixed costs of vet practices might allow them to charge less than vets in another part of the country who would have higher fixed costs.

Further, without detailing coherently in the policy terms, such exclusions, it also means the consumer has no way of ensuring this policy's benefits are suitable for their needs. Casualty is under a duty to provide enough information for consumers to do this. So, I consider this is very inadequate in rationale to permit ordinary consumers to do this easily and sensibly.

Also, as the adjudicator noted Casualty explained that it had decided fluid therapy was part of the following:

'Any claim for cosmetic, elective, or routine Treatment or any Treatment which is preventive and not treating an Illness or Accidental Injury.'

It then said:

'Whilst we appreciate that you would deem fluid therapy to be a necessary part of a pet's treatment, this is considered to be a routine treatment that is included as part of other veterinary treatments.'

'As the Terms and Conditions of our policies confirm that we will not provide coverage for routine treatment, these costs are correctly deducted from the claims that we review, unless there are extenuating circumstances, such as if fluids are necessary to save the pet's life and they would not survive without this additional treatment.'

Since it is Casualty invoking the exclusion, the burden of proof falls to it to prove this is reasonable in Mrs S' case. It is not for Mrs S or her vet to show the items were necessary either as Casualty has implied above. The onus for this is at all Casualty's door, since it has decided they were excluded.

Further the actual exclusion relates to cosmetic and elective treatment which a necessary cruciate ligament operation would never be classed as. The addition of the word 'routine' doesn't help Casualty, given it decided to preface the sentence with the words 'cosmetic' and 'elective'. So, the entire argument about this term permitting

such fluid therapy to be so excluded in my view is far too vague, and incomprehensible to the average consumer so as to know that something like 'fluid therapy', which they may not even know will be given to their pet in the operation, won't be covered. That is not treating customers fairly or indeed allowing them to work out if this policy's benefits are suitable for their needs.

I am not a vet but as I would imagine in the substantial operation, a cruciate ligament repair operation is, the giving of fluid therapy would be seen to be best practice amongst vets to ensure the well-being of the dog. And it would be unreasonable in my view to nit-pick through a vet's invoice picking off varying elements without making it very clear beforehand that such items would not be covered like Casualty has done with booster collars and warming blankets above.

Lastly there is no mention of consumables anywhere. Therefore, I consider the costs for fluid therapy, consumables and the general anaesthetic costs should be refunded to Mrs S with interest.

Turning to the hospitalisation deduction, as Casualty is aware from previous cases, I don't consider this reasonable either. Hospitalisation is not defined in the policy and is not defined in 'treatment' either. The policy does cover vet fees which are defined as the '*fees charged by Your Vet for the Medical Treatment of an Illness or Accidental Injury.*'

Treatment is defined as:

'Treatment ... Means any consultation, examination, advice, tests, x-rays, slides, ultrasound, MRI scans, medication, surgery or nursing care that has taken place and been recommended and provided by a Vet...'

And under section 1 (Veterinary fees) the terms of policy say:

'What is insured?... This section of Your Policy covers Treatment carried out by a Vet for treating an Illness or Accidental Injury suffered by Your pet whilst insured with Us.'

So, I consider without a definition of hospitalisation I don't consider this cap is reasonable.

Further in its response to the investigator's view it said the following which I also detailed above:

'Vet Fees will only be paid if they are: - Reasonable; and Essential for Your pet's health and wellbeing. We may limit any payment to a maximum mark-up of 100% for veterinary Treatment, medication and dispensing fees; Blood sampling charges will be capped at the UK market average; Each and every claim will be reviewed by Our claims assessors and costs will be compared against charges for the same or similar Treatment to make sure that the Treatment and veterinary fees are reasonable, necessary, essential, and not excessive compared to the rest of the UK market.'

'Mark up is based on our research of the UK market and our own in house claims handling.'

Casualty explained in its payment letter to Mrs S that these 'reasonable' costs were set at £100 per 24 hours for hospitalisation. And these amounts were set by the

insurer who did statistical research of what a 'reasonable' fee was. I don't consider this is a reasonable approach as vet fees do change regularly and not all vets charge the same for the same things either. As I previously said vets in some part of the country would have a higher outlay on fixed costs that vets in another part of the country.

'Reasonable' is also a wholly subjective term so again what is reasonable in one part of the country won't be in another. Insurers are required by the Financial Conduct Authority to treat all their customer's fairly which means treating them all the same in similar circumstances and not singling out any individual customer or set of customers from others. Casualty's approach here isn't my view ensuring this coherently. Casualty also hasn't disclosed its 'research' so it can be analysed coherently. So, I consider the deduction of £20.56 should also be refunded with interest.

I also consider this has caused Mrs S some considerable degree of upset and distress given the large total deduction from her vet bill which with the exception of the buster collar and warming blanket weren't at all clear in the policy given the lack of definition of hospitalisation and the very vague terms to reduce the anaesthetic costs and fluid therapy. Therefore, I consider Casualty should pay Mrs S the sum of £200 compensation in addition. This is similar to other awards I've made, in similar cases.'

Mrs S was grateful for my provisional decision and had nothing further to add.

Casualty said it didn't agree and merely reproduced its letter to Mrs S saying what it wouldn't be covering in her vet fees account which obviously both Mrs S and I had already seen. It also produced a list of all the items it wouldn't cover and all the capped items again which we have seen in the policy document.

Crucially it provided no statistical research it had told me it had undertaken to establish these arbitrary caps on certain vet fees.

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, nothing that Casualty has produced in response to my provisional decision takes the matter any further. Because no reasoning or statistical research has been disclosed. So, I am not able to analyse it to ascertain if it's reasonable, bearing in mind vet fees and indeed vet costs will be different in different parts of the country.

So, it remains that I'm not persuaded these caps are fair and it follows I don't consider it was reasonable Mrs S' vet bill was reduced in this way.

My final decision

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

I now require Casualty & General Insurance Company (Europe) Ltd to do the following:

- Pay Mrs S' vet the costs of:
 - Consumables £66.61
 - Fluid Therapy £72.61
 - General anaesthetic deduction £371.30
 - Hospitalisation over £100 (per 24 hours) £20.56.
- If Mrs S has paid her vet these costs herself, refund Mrs S these sums, adding interest of 8% simple per year from the date Mrs S paid her vet to the date of its refund.
- 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 £200 compensation for the trouble 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 16 November 2022.

Rona Doyle
Ombudsman