

The complaint

Mrs L has complained that Casualty & General Insurance Company (Europe) Limited (C&G) wrongly declined a claim made for the treatment of her dog following which she suffered financial loss.

What happened

Mrs L has had a policy for her dog, who I'll refer to as "K", since 2017. This is an annual policy, renewable each year.

In early 2022 K needed veterinary treatment for lameness. Mrs L claimed the cost of this from C&G. Her claim was initially declined by C&G on the ground that K was overweight, and the policy contains an exclusion for the cost of veterinary treatment for a pet as a result of it not being the recommended medical weight for its age, breed type and sex as recommended by a vet. Its opinion was that as K was overweight, more pressure was being put in her joints, resulting in lameness.

As Mrs L was unhappy with C&G's rejection of her claim and considered that the policy was now effectively worthless, she cancelled it and brought a complaint to this service. C&G subsequently reassessed Mrs L's claim and upheld it as it was satisfied that K was within the recommended medical weight for her breed.

Mrs L's claim was for the £590.68 cost of K's veterinary treatment. C&G agreed to pay this but after a number of deductions, which included the premium payable for the remainder of the policy year, certain veterinary costs and the policy excess, the amount payable to her was £285.43.

Our investigator's view was that C&G had initially incorrectly declined Mrs L's claim and that had it not done so Mrs L was likely to have continued with the policy rather than cancel it. But as she'd cancelled it, and C&G had deducted the remaining premiums from her claim in accordance with the terms of her policy, Mrs L was financially disadvantaged. She also suffered stress and inconvenience from C&G's initial rejection of what was a valid claim. His view was that C&G should increase the amount payable to Mrs L under her claim by the £101.44 that C&G had deducted in respect of future premiums and should also pay her £100 compensation for her distress and inconvenience.

C&G doesn't agree with our investigator's view and maintains that it is acting within the terms of the policy which state:

"If a claim has been made the full premium will be due at cancellation, which we reserve the right to remove before any claim is made."

It also considered that the compensation suggested was not representative of the value of the claim. It's asked that the complaint be referred to an ombudsman. The complaint has therefore been referred to me for a final decision from this service.

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 Mrs L's complaint and I'll explain why.

Following its review of Mrs L's claim, C&G has accepted that it shouldn't have been declined as K was within the average weight for her breed. But Mrs L reasonably took the view that if C&G was going to reject any future claims based on K's weight being in excess of recommended weight, there was little benefit to be had from the policy. She therefore cancelled it.

I think it a reasonable assumption to make that if Mrs L's claim had been paid when first presented, she wouldn't have cancelled the policy – she'd continued insuring K with C&G since 2017. But doing so has cost her the future premiums payable under the policy for which she receives no benefit. I regard that as a financial loss to Mrs L that flows from what I consider to be a reasonable response to C&G's error.

I therefore consider that in the circumstances of this case, it isn't fair for C&G to rely upon the strict wording of the policy and that it shouldn't deduct future premiums from her claim.

I also agree with our investigator that Mrs L will have suffered distress and inconvenience as a consequence of having a valid claim denied and having to arrange for new insurance for K. I consider that £100 is appropriate in the circumstances. As with all compensation that this service requires to be paid, it's a reflection of the level of distress and inconvenience suffered and not of the value of the claim or loss.

My final decision

For the reasons I've given above, I'm upholding Mrs L's complaint.

I require Casualty & General Insurance Company (Europe) Limited to settle Mrs L's claim without deducting the future premiums due under her policy. I also require it to pay Mrs L compensation of £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 22 December 2022.

Nigel Bremner
Ombudsman