

The complaint

Mr G complains about Casualty & General Insurance Company (Europe) Ltd (CG) asking him to pay an additional premium towards claims for the cost of treatment to his dog under his pet insurance policy, because of an error in the dog's date of birth.

References to CG include their agents who administer the policy.

What happened

Mr G had a dog covered by a pet insurance policy taken out with CG in 2019, which he renewed in 2020 and 2021. In July 2021 the dog received treatment for epilepsy and a claim made for the cost. The dog required further treatment in September 2021 when a vet recommended an MRI scan. Unfortunately, the dog had to be euthanised shortly afterwards.

At the time the scan was advised, the need was discussed with CG. They advised there was a limit under the policy of £4,000 on the cost of treatment. As the cost of the scan (and the earlier claim) was within the limit, Mr G went ahead with the scan and paid for the cost.

As part of their assessment of the claims, CG were provided with part of the dog's clinical history. However, this indicated the dog's date of birth was different to that CG had recorded when the policy was taken out. The clinical history indicated the dog's date of birth was July 2012 – whereas CG had recorded the date of birth as February 2014. Because the dog was older than their records indicated, CG told Mr G this affected the premium payable for his policy at renewal in May 2021 (£474.31) CG said that had they known the correct date of birth, the premium payable on renewal would have been £879.03. Based on this, CG said Mr G had misrepresented the date of birth of the dog and needed to pay an additional premium of £404.67 before they'd continue with their assessment of his claims.

Unhappy at being asked to pay an additional premium, as well as the time taken to assess his claims, Mr G complained to CG. But CG didn't uphold his complaint. In their final response, they noted the policy terms setting out the need for policyholders to provide accurate information when taking out or renewing a policy. They also referred to their reserving the right – where information had not been disclosed or misrepresented – to charge a higher premium. They noted the policy was taken out with the incorrect date of birth (and Mr G hadn't sought to correct it at subsequent renewals). They confirmed the additional premium due. On the time taken to assess the claims, CG said they were missing part of the dog's clinical history, so wouldn't be able to assess the claim (and referred to the notice on the claim form indicating missing information would delay a claim being assessed). CG noted that while the claims had been approved, they wouldn't be settled until the dispute over the additional premium was resolved.

Mr G then complained to this service. The main issue was that CG had unfairly asked him to pay an additional premium. He wanted CG to settle the claims without deduction of the additional premium. Mr G also complained about CG continuing to collect the monthly premium for the policy after he'd notified them of the death of his dog, until they'd cancelled the policy in March 2022.

While CG didn't provide all the information requested by our investigator, based on what was provided he upheld the complaint, concluding CG hadn't acted fairly. He thought it likely the incorrect date of birth was entered by Mr G when the policy was taken out. He also noted the incorrect date was set out on the policy schedule provided to Mr G, but he hadn't queried or corrected it. While acknowledging CG's view the policy terms and conditions provided for additional premium in such circumstances, as CG hadn't provided any evidence to show how they'd calculated it, the investigator couldn't say whether CG had acted fairly.

On the issue of the premiums continuing to be collected after his dog died, the investigator noted CG hadn't provided a view or any evidence they were entitled to continue collecting them after the death of the dog (five monthly direct debits, each of £39.53). On the delays in assessing the claims, the investigator hadn't seen any evidence CG had kept Mr G updated on what was happening.

To put things right, the investigator thought CG should settle Mr G's claims regardless of any additional premium they said was due, in line with the remaining terms and conditions of the policy. They should also refund premiums collected after the dog's death. Interest should be added to both, from the date of the claims to the date CG settled them and from the date the premiums were paid by Mr G to the date they were refunded by CG. Given the distress and inconvenience caused to Mr G by the time taken to assess claims (and being asked why he was cancelling his policy after he'd told CG of the death of his dog) the investigator thought CG should pay Mr G £250 in compensation.

CG disagreed with the investigator's conclusions, referring to the terms and conditions on cancellation of the policy and challenging the investigator's views on how the incorrect date of birth could have been recorded on their systems. They also said Mr G hadn't told them about the death of his dog until their agent contacted him in March 2022. They maintained an additional premium of £404.67 was due because of the incorrect date of birth.

In my findings, on the issue of the additional premium CG said is due under the policy because of their having an incorrect date of birth for the dog, I thought the most probable explanation for the incorrect date was that Mr G incorrectly entered the dog's date of birth. Given this, I thought it reasonable to conclude that correcting the dog's date of birth would mean a higher premium would be charged under the policy. However, CG hadn't provided any information or explanation about how they calculated the figure. So it wasn't possible for me to reach a conclusion on whether the increase was reasonable. So, unless they did provide information and explanation, I thought they should settle Mr G's claims based on the original premium for the year in question (£474.31) being deducted from the value of the claims concerned (taking account of the actual premiums paid by Mr G) and in accordance with the remaining terms and conditions of the policy.

On the issue of CG continuing to collect the monthly premiums after the death of his dog, I concluded CG were aware of the death of Mr G's dog at the time. I also thought the policy terms meant CG were entitled to the full premium, given the claims made (which hadn't been settled). So, didn't think they should refund the premiums collected after the death of the dog.

I also considered the impact of what happened on Mr G, given my conclusions about CG being aware of the death of his dog and what appeared to be a lack of communication and clarity about what would then happen. I thought this would have caused distress and inconvenience to Mr G. Taking the circumstances into account, I thought £250 compensation would be reasonable.

Because I reached different conclusions in some respects to those of our investigator, I issued a provisional conclusion to give both parties the opportunity to consider matters further. This is set out below.

What I've provisionally decided – and why

I'd first want to express my sympathies to Mr G for the death of his dog, which I appreciate will have been distressing for him. But my role here is to decide whether CG has acted fairly towards Mr G.

There are several aspects to Mr G's complaint, which I'll consider in turn. First, there's the issue of the additional premium CG say is due in respect of the policy from their having an incorrect date of birth for the dog. CG also say they won't settle the claims (which they indicate have been approved) until Mr G pays the additional premium. Linked to this is the issue of the time taken by CG to assess the claims. Thirdly, there's the issue of CG continuing to collect the monthly premiums due, after the death of his dog (which Mr G maintains he told CG about at the time).

On the first issue, the additional premium CG say is due under the policy because of their having an incorrect date of birth for the dog, I've considered the question of why the date was incorrectly recorded. Mr G took out his policy through a comparison website and one of the questions asked would have been the dog's date of birth. I've considered the views of Mr G and CG about what is likely to have happened, including the available information and evidence. On balance, while it's not possible to determine exactly what may have happened, I think the most probable explanation is that Mr G incorrectly entered the dog's date of birth. I've come to this view for several reasons.

CG maintain they don't re-input the data customers input on the comparison website (they simply take the information as entered). This is in line with my understanding of how comparison websites and insurers operate. I've also considered the incorrect date of birth was shown on policy documents issued to Mr G (including the first renewal schedule, issued in 2020, after the policy was first taken out in 2019). The schedule made it clear to Mr G the dog's date of birth was incorrect, so he would have had the opportunity to draw it to the attention of CG. It's also standard practice when policy documents are first issued (and at subsequent renewals) for insurers to ask policyholders to check the information contained in the documents, to ensure it's accurate and complete – and if it isn't, for the policyholder to inform the insurer.

Having concluded, on balance, Mr G is likely to have incorrectly entered a date of birth and would have had the opportunity to correct it when the policy was taken out (from the policy documents) and at subsequent renewals (from the renewal documents) then I've gone on to consider whether CG acted fairly in saying an additional premium was due.

When setting a premium for a policy, insurers assess the level of risk when pricing the policy (also taking account of the scope and level of cover provided). This is based on information provided by the consumer. For pet insurance policies, it's reasonable the age of the pet is one of the key pieces of information insurers use when pricing a policy and setting the premium. It's reasonable, all other things being equal, that the level of risk increases with the age of the pet. That's because the likelihood of the pet suffering from illness and other conditions increases with age – so the incidence of claims and the cost of those claims are likely to increase.

The terms and conditions of the policy also enable CG to change the premium. Under Section 10 – General Conditions there are two conditions that state:

- You must tell us immediately of any changes in Your circumstances that may affect Your pet insurance and the cover provided...*
- Some changes may result in a Premium change or Your Policy being voided."*

Given this, I think it's reasonable to conclude that correcting the dog's date of birth (indicating it was older than CG thought) would mean a higher premium would be charged under the policy (even if no other changes were made to the policy). However, in this case, while CG have said the additional premium would be £404.67, they haven't provided any information or explanation about how they've calculated the figure. Given this, it's not possible for me to reach a conclusion on whether the increase is reasonable. I'll come back to what I think this means for what would be a fair and reasonable outcome in this case.

Mr G also complains about the time taken to assess the claims for treatment to his dog. CG say they were awaiting details of part of the dog's clinical history, as well as Mr G paying the additional premium they say is due. However, my understanding from what CG have said is that the claims have been approved. This suggests the issue isn't now about the missing clinical history. So, the issue is the additional premium CG say is due. Again, I'll consider what this means for what I think would be a fair and reasonable outcome in this case.

On the issue of CG continuing to collect the monthly premiums after the death of his dog (which Mr G maintains he told CG about at the time it happened) I think there are two aspects to consider. The first is Mr G maintaining he told CG of the death at the time it happened. He's provided copies of emails sent to CG in September 2021 in which he clearly tells them of the death. While the subsequent replies from CG don't acknowledge the death, it seems clear to me CG were aware of the death at the time. I've also noted CG extend their condolences to Mr G for the loss of his dog in their final response (December 2021). So, I've concluded CG were aware of the death of Mr G's dog at the time.

However, the premiums for the policy continued to be collected after the death, up to March 2022 when the policy was cancelled following an exchange between Mr G and CG. Having seen the exchange, I can understand why it was distressing for Mr G. I can also understand why he's questioning CG continuing to take the premiums (through monthly direct debits) after the death. In considering this issue, I've looked at what the policy says about what happens in the unfortunate event of the death of the dog.

Under Section 17 – When the Policy and cover ends there's the following statement, with several different events (I've included the ones I think are relevant):

"The Policy will end automatically at the earliest of the following events, the End Date:

- The Period of Insurance has ended*
- ...*
- You or we cancel the Policy*
- Death of your pet*
- ..."*

I think this makes it clear the policy should have ended automatically on the death of the dog. However, what's not clear is what this would have meant for the premiums paid at that point (or those – where premiums are being paid in instalments – that would have fallen due after the policy ended). In their response to our investigator, CG referred to Section 15 – Cancelling Your Policy. This sets out the circumstances where either the policyholder or CG may cancel the policy. It also sets out what happens to premiums paid (or yet to be paid). If no claim has been made then a pro rata refund of premiums paid will be made for each unexpired full month of cover (if the policyholder cancels) or any premium paid for the period after the cancellation will be refunded (if CG cancels the policy). However, the position is different if a claim has been made. In that scenario, regardless of whether the policy is cancelled by CG or the policyholder, the following condition applies:

“...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.”

While this condition doesn't explicitly refer to the situation where the policy ends automatically on the death of the pet, given the inclusion of policy cancellation in the list of events that lead to the automatic end of the policy set out above, I think it's reasonable to conclude that if a claim has been made before the policy ends, the same condition about full premium becoming due on policy cancellation (where a claim has been made) will apply. As Mr G has made claims at the point the dog died, then I've concluded the full premium for the year would have become due. As Mr G was paying the premium by monthly instalments, then I'd have expected CG to either request the full outstanding balance of premium due at that point; or to offset the balance against the subsequent settlement of his claims; or (as what seems to have happened) they continued to collect the outstanding balance due through the monthly instalments. Based on this, I think the policy terms mean CG were entitled to the full premium, given the claims made (which hadn't been settled). So, don't think they should refund the premiums collected after the death of the dog.

However, from what I've seen, the position wasn't made clear to Mr G (despite what I think was CG being aware of the death of his dog at the time it happened). Given this, in the circumstances, I can understand his concern about CG continuing to collect the monthly instalments for five months after the dog's death. And I think the lack of clarity would have been distressing (particularly given what I've seen about the subsequent exchange between him and CG). I'll consider the impact of this when setting out what I think would be a fair and reasonable outcome in this case.

Given these conclusions, I've thought about what CG need to do to put things right. While I've concluded it would have been reasonable to charge an additional premium following correction of the dog's date of birth, as they haven't provided any information or explanation to support the figure they've given, I can't conclude whether it's reasonable. So, unless they do provide such information and explanation, I think they should settle Mr G's claims based on the original premium for the year in question (£474.31) being deducted from the value of the claims concerned (taking account of the actual premiums paid by Mr G) and in accordance with the remaining terms and conditions of the policy. As Mr G has already paid the vet's bills, interest at a rate of 8% simple should be added to the settlement value of the claims from the date Mr G paid the bills to the date CG settle the claims.

I've also considered the impact of what's happened on Mr G, given my conclusions about CG being aware of the death of his dog and what appears to be a lack of communication and clarity about what would then happen, particularly on the monthly premium instalments. I think this would have caused distress and inconvenience to Mr G. Taking the circumstances into account, I think £250 compensation would be reasonable.

My provisional decision

For the reasons set out above, my provisional decision is that I uphold Mr G's complaint in part. I intend to require Casualty & General Insurance Company (Europe) Ltd to:

- Settle Mr G's claims based on the original premium for the year in question (£474.31) being deducted from the value of the claims concerned (taking account of the actual premiums paid by Mr G) and in accordance with the remaining terms and conditions of the policy.*
- Pay Mr G £250 in compensation for distress and inconvenience.*

As Mr G has already paid the vet's bills, interest at a rate of 8% simple should be added to the settlement value of the claims from the date Mr G paid the bills to the date Casualty & General Insurance Company (Europe) Ltd settle the claims.

Casualty & General Insurance Company (Europe) Ltd must pay the compensation within 28 days of the date on which we tell it Mr G accepts my final decision. If they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Mr G responded to say he understood the logic of the provisional decision and accepted it. CG didn't respond by the date requested.

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.

My role here is to decide whether CG have acted fairly towards Mr G.

As Mr G responded to accept my provisional decision, and CG haven't responded, then my final decision remains the same as my provisional decision, for the reasons set out in my provisional decision.

My final decision

For the reasons set out above, my final decision is that I uphold Mr G's complaint in part. I require Casualty & General Insurance Company (Europe) Ltd to:

- Settle Mr G's claims based on the original premium for the year in question (£474.31) being deducted from the value of the claims concerned (taking account of the actual premiums paid by Mr G) and in accordance with the remaining terms and conditions of the policy.
- Pay Mr G £250 in compensation for distress and inconvenience.

As Mr G has already paid the vet's bills, interest at a rate of 8% simple should be added to the settlement value of the claims from the date Mr G paid the bills to the date Casualty & General Insurance Company (Europe) Ltd settle the claims.

Casualty & General Insurance Company (Europe) Ltd must pay the compensation within 28 days of the date on which we tell it Mr G accepts my final decision. If they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 20 October 2022.

Paul King
Ombudsman