

The complaint

Mrs S complains that Society of Lloyd's (Lloyd's) declined a claim for her horse's treatment under an exclusion to her policy in respect of all issues related to the digestive tract.

What happened

Mrs S had a Horse and Pony insurance policy for her horse with Lloyd's. Sadly her horse had to be put to sleep on 5 March 2022 as a result of a large colon volvulus.

Mrs S submitted a claim to Lloyd's for her horse which was declined under the policy exclusion relating to the horse's digestive tract. Mrs S was unhappy that her claim had been declined and raised a complaint. She sent Lloyd's a letter from her vet, dated 22 March 2022, which said that the policy exclusion appeared to be based on two entries in the horse's clinical records dated 26 October 2015 and 15 January 2019.

The vet said the horse was examined on 26 October 2015 and a bill sent for a 'colic exam and rectal', and that a routine examination doesn't indicate that a diagnosis of colic was made. The vet also said that on 15 January 2019 they'd noted that Mrs S reported the horse had previously suffered from 'colicky episodes' which they'd managed with phenylbutazone. But colic had never been confirmed by a vet, and even if the horse had suffered from colic before, this wasn't related to the large colon volvulus, which was an acute strangulating lesion.

Lloyd's considered the vet's letter but didn't uphold Mrs S's complaint. They said the exclusion was added to her policy after a review of the horse's clinical history carried out by her previous insurer's. They were satisfied that the exclusion was fair as she'd reported the horse had suffered from 'colicky episodes', even if there'd been no diagnosis of colic made by a vet. And as the large colon was part of the digestive tract, the claim had been correctly declined based on the exclusion.

But Lloyd's did accept that the reason for the exclusion being added to her policy and the claim being declined could have been explained more clearly. They offered Mrs S £50 compensation for any confusion that had arisen.

Mrs S has told us that at the time the exclusion was added to her policy her husband was recovering from a brain haemorrhage. Because of this they were just allowing essential policies they had to renew, and she wasn't aware of digestive tract exclusion. And she's said that Lloyd's had accepted that the exclusions could have been made clearer.

She raised this with Lloyd's who said they appreciated the difficult circumstances she was going through, but she'd been provided with her updated policy documents outlining the exclusions added to her policy on 31 May 2019. And they were satisfied the exclusion had been correctly applied to her claim.

Mrs S was unhappy with Lloyd's response and complained to our service. Our investigator considered the case and upheld her complaint. He said that there was no evidence that the horse had even been diagnosed with colic, that the exclusion added to policy was too wide,

and Mrs S's vet had confirmed that the condition which led to the horse being put to sleep wasn't related to colic. So our investigator said the claim should be paid, subject to the policy limit, but ignoring the exclusion relating to claims about issues with the digestive tract.

Mrs S accepted our investigator's opinion, but Lloyd's didn't. Lloyd's responded saying that large colon volvulus is colic and asked our investigator to review his opinion. He considered what Lloyd's had said but remained of the view that the horse had never been diagnosed with colic, so the exclusion added to Mrs S's policy was unfair and Lloyd's should pay the claim.

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 S's policy for her horse provided cover in the event of the horse's death up to lesser of the sum insured, in this case £4000, or the horse's market value. Mrs S has told us that her horse was worth far more than £4000, but this was the maximum cover she could get because of his breed.

The policy contains a number of exclusions. The one relevant to this complaint is 'Excluding all claims in connection with or relating to:- THE DIGESTIVE TRACT (INCLUDING THE STOMACH AND INTESTINES)'. This exclusion has been in place since Mrs S took out her cover with Lloyd's.

Mrs S has said that she wasn't aware of the exclusion, but I'm satisfied that she should have been as it's clearly set in her policy documents. While I appreciate the difficult circumstances she was dealing with in 2019, she's had time since then review the exclusion.

So I need to consider whether Lloyd's acted fairly in adding the exclusion to Mrs S's policy and whether the exclusion itself was fair.

Lloyd's have told us that Mrs S's previous insurers added an exclusion, in respect of the horse's digestive tract, when they considered the horse's clinical notes. Mrs S was billed for a 'colic exam and rectal' on 26 October 2015. Her vet has said this was a routine examination with no diagnosis of colic being made, and I accept this. So based simply on this entry I don't think it was fair to add an exclusion to the policy.

The entry in the clinical records on 15 January 2019 isn't so clear cut. The vet who wrote the letter dated 22 March 2022, was the vet who saw the horse on this date, and she's confirmed that she wrote the note in the records. She's said that Mrs S reported that the horse had previously suffered from 'colicky episodes' which she'd managed with phenylbutazone. But no diagnosis of colic was made by a vet.

Phenylbutazone is a nonsteroidal anti-inflammatory drug generally used for the short-term treatment of pain and fever in animals. Mrs S has told us that she gave this drug to her horse

for pain in his hocks, not for colic. And her vet has confirmed in a letter dated 10 March 2022 that she dispensed phenylbutazone to treat mild swelling in the horse's hocks, not to treat colic. Mrs S has also said that on 15 January 2019 she discussed colic, and its prevention, with the vet as she's an overprotective owner, but there was no diagnosis of colic.

I don't know exactly what Mrs S discussed with the vet, but on balance I accept that she may

just have been having a general conversation about her horse's health. But I have to consider that the vet recorded reference to 'colicky symptoms'.

So what did Mrs S mean by this? She's told us that the horse sometimes 'seemed down' and other horse owners had suggested this could be due colic. This could explain the reference to 'colicky symptoms'. And simply because there's reference to symptoms of a condition, this doesn't mean that the condition was present.

We know that the horse was never diagnosed as suffering from colic by a vet, and I think Mrs S would have called her vet and had him examined if she thought he had colic. So on balance I don't think there's any clear evidence that Mrs S's horse had suffered from colic, so the exclusion added to her policy in respect of claims relating to the digestive tract wasn't fair or reasonable.

And even if this wasn't the case, I think the exclusion is too wide. A horse can suffer from many conditions related to the stomach and digestive tract that aren't related to colic, and to include such a wide exclusion wasn't fair.

Mrs S's vet has said that even if the horse had a history of colic, this wasn't related in any way to the large colon volvulus which led to him being put to sleep. Lloyd's have said that the horse was put down due to colic, as a strangulated gut is colic. So the horse had colic on 5 March 2022 and was put to sleep because of this.

Colic is a term generally used to describe abdominal pain. While large colon volvulus can be described as a painful and potentially fatal form of colic, I've said that I don't think the exclusion added to Mrs S's policy was fair, as there was no clear evidence that the horse had previously suffered from colic. So I don't think it was fair or reasonable for Lloyd's to decline Mrs S's claim.

I've considered whether the £50 Lloyd's have offered Mrs S as compensation for any confusion about the exclusion and the reason her claim was declined, and I think it is. I say this because the exclusion is clearly set out in her policy and while her husband had health issue in 2019, she's had time to review the policy since then.

My final decision

For the reasons set out above my final decision is that I uphold Mrs S's complaint about Society of Lloyd's.

And to put things right I require them to pay her claim relating to her horse up to the policy limit, but ignoring the exclusion in relation to the digestive tract (including stomach and intestines).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 5 January 2023.

Patricia O'Leary
Ombudsman