

## **The complaint**

Mrs C complains about Casualty & General Insurance Company (Europe) Ltd ("CGI") and the way they've settled the claims she made on her pet insurance policy.

## **What happened**

Mrs C held a pet insurance policy, underwritten by CGI to cover her dog, who I'll refer to as "M". Unfortunately, in late 2021, M suffered an accident that required treatment. So, Mrs C took M to her vet, who I'll refer to as "W", and M was treated for her injuries from October 2021 through to early 2022. W then sought payment for this treatment from CGI.

CGI settled the claim with W in April 2022. But they applied several deductions, which meant Mrs C was left owing a significant amount to W for the treatment they supplied to M. Mrs C was unhappy about this, so she raised a complaint.

Mrs C didn't think any of the deductions CGI applied when settling the claim were fair. And she was unhappy with the financial situation this left her in, as she had to cover the outstanding fees with W herself. So, Mrs C wanted CGI to reimburse her the amount she'd had to pay W, as if the claim had been settled in full with no deductions. And she wanted to be compensated for the trouble and upset she'd been caused during this process.

CGI responded to the complaint and didn't uphold it. They thought the deductions had been applied fairly, in line with the terms and conditions of the policy Mrs C held. So, they didn't think they needed to do anything further. Mrs C remained unhappy with this response, so she referred her complaint to us.

Our investigator looked into the complaint and upheld it. They thought CGI had acted fairly when deducting Mrs C's excess, and when deducting the costs of pre-operative blood tests and fluid therapy. But they didn't think the deductions applied regarding the CT reporting fee, general anaesthetic costs and orthopaedic consultation fees were reasonable. Nor did they think CGI had supplied evidence to show the deductions regarding the medication mark-ups were fair. And they didn't think CGI were fair to rely on the 90-day notification exclusion, as they didn't feel Mrs C missing this deadline prejudiced CGI in a negative way. So, they thought CGI should reimburse Mrs C the total of the deductions they felt were unreasonable, plus 8% statutory interest on this amount from the date Mrs C paid W, to the date of refund. And they thought CGI should pay Mrs C £100 for the trouble and upset she'd been caused by CGI not applying the policy terms fairly.

Mrs C accepted this recommendation, while making comments regarding the finding surrounding the blood tests and fluid therapy. But CGI didn't. CGI provided additional evidence regarding the medication mark up, and how this was calculated. And they provided several additional comments maintaining their position that the majority of the deductions were fair. But CGI did agree to reimburse Mrs C for the additional cost of the general anaesthetic that had initially been deducted.

Our investigator considered this information, but their view remained unchanged. CGI continued to disagree and so, the complaint has been passed to me for a decision.

I issued a provisional decision on 23 February 2023, where I explained my intention to uphold the complaint. In that decision I said:

*"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, it's my intention to uphold the complaint. But my intended decision differs slightly from the view of our investigator.*

*Before I explain why I've reached my intended decision, I think it would be useful for me to explain how I've considered the complaint. It's not my role to re-underwrite the claim as I don't have the expertise to do so. Instead, it's my role to consider the actions CGI have taken, in this case the deductions they've applied, and consider whether I think CGI have acted fairly when applying them. And as part of this, I've thought about whether CGI have acted in line with the terms and conditions of the policy Mrs C held.*

*I recognise both Mrs C and CGI have accepted our investigators view that the deduction originally applied to the general anaesthetic should be paid to Mrs C. As this isn't in dispute, I don't intend to discuss this any further.*

*I also recognise that Mrs C and CGI both accepted our investigators view that the deductions applied to the blood tests and fluid therapy were fair. So, I don't intend to discuss this in great detail. But I do appreciate Mrs C made some comments regarding this issue, so I think it's right for me to provide my comments. I've seen CGI's deductions list, which I think make it reasonably clear that fluid therapy wouldn't be covered for a dog of M's age unless it was a life-saving situation. And it wasn't that situation on this occasion. I've also seen the terms and conditions of the policy Mrs C held and I can see that it makes reasonably clear that vet fees would only be paid if they are reasonable and essential for a pets health and wellbeing. CGI have provided evidence that shows the industry regards blood tests for dogs of M's age to be elective, and so, I don't think I can say CGI have acted unfairly or unreasonably when deeming them not to be essential on this occasion. So, I don't think CGI acted unfairly when deducting the costs associated to these treatments.*

*I've then turned to the main deductions that remain in dispute. And for ease of reference, I've considered the deductions under headings to prevent any confusion.*

### **Claim made for treatment outside of 90-day exclusion**

*It's not in dispute that, in late March 2022, Mrs C submitted a claim for costs arising from treatment that took place in December 2022. And, that this treatment occurred more than 90 days before Mrs C submitted the claim. It's also not in dispute that the policy Mrs C held contained an exclusion explaining that no cover would be provided for claims made outside of this time period. So, I understand why CGI have deducted the costs of this treatment and I can't say they've acted outside of the policy terms when taking this decision.*

*But crucially, I also need to be satisfied that, as well as acting in line with the terms of the policy, it was fair for CGI to rely upon this exclusion in this situation. And I don't think it was. It is our service's standard approach, based on the rules set out by the industry regulator, that for a business to exclude part of a claim based on a breach of the terms and conditions, we must also be satisfied that CGI were prejudiced by this breach. And in this situation, I don't think CGI were.*

*I can see during this process Mrs C's first claim was still outstanding. And I'm satisfied the treatment that has been excluded was a continuation of the treatment Mrs C had already claimed for. So, while I appreciate Mrs C was slightly delayed in submitting the second claim*

*to CGI, I don't think they have been negatively impacted and so, I don't think they've acted fairly when relying on this exclusion on this occasion. I appreciate CGI disagree with this and have stated late notification can impact their ability to process increases in premiums and other similar things. But I can see the delayed notification was during the same policy year the claim was settled. And Mrs C has confirmed her policy premium increased after the claim had been settled. So, I think CGI had the ability to consider the claim when calculating premiums and any associated risk and because of this, I don't think this changes my opinion. I've turned to what I think CGI should do to recognise this later within my decision.*

### **MRI/CT reporting fee**

*CGI have deducted this fee as they feel this is a referral fee for another vet's opinion. And they've referred to the term, under the heading "what is not insured" that states "any costs relating to charges made by your vet to provide or fill out a prescription, completing a claim for, referring your vet to another veterinary practice, any interpretation fee's and any fee's for post, packaging and courier fees".*

*But I've seen an email from W, which confirms the CT scan was completed within their veterinary hospital. And I can see in the clinical notes that on 4 November 2021, the same day at the CT scan, it states that there was an orthopaedic internal referral. So, while I can understand why CGI would assume there had been a referral to another veterinary practice based on the way W invoiced for the treatment, I've seen nothing to satisfy me that any of the treatment was undertaken outside of W. So, I don't think CGI have acted fairly when relying on the exclusion above to deduct the associated cost.*

*And while I appreciate the term also refers to interpretation costs, I think it follows that when a CT scan is conducted, this scan will need to be interpreted in order to ensure the results are understood and a treatment plan put in place. So again, I don't think I can say there is an exclusion that has been fairly applied.*

### **Orthopaedic consultation fee**

*I can see CGI have capped the amount they covered for each consultation fee to £200, referring to the term in the policy which states they won't cover any fees "where the cost of a referral consultation exceeds £200". But in this case, I can't see that there has been an external referral.*

*While I do recognise M was referred by an in-house veterinary nurse to an in-house consultant, I would expect W to ensure M was seen by an appropriate specialist. And as this referral was made in house, I don't think it's fair for CGI to rely upon this exclusion to deduct the costs of the consultation charged for over £200 as W are the veterinary practice making the claim. I also can't see anywhere within the terms of the policy that I feel makes it clear that any referral made in house would fall under this exclusion and I would expect this to be made explicit, as it essentially caps any consultation with any vet within a practice other than the first vet that a pet sees. And so, I think a customer could be disadvantaged through no fault of their own by which vet they are booked into see by the practice themselves. So again, I don't think CGI have applied the deductions fairly here.*

### **Medication mark up**

*Within the terms and conditions of the policy, I can see within the general exclusions it explains that CGI "may limit any payment to a maximum mark-up of 100% for veterinary treatment, medication and dispensing fees". So, under the terms of the policy, I think CGI were able to cap the amount they would pay for medication and remove any surplus as a deduction. But when our investigator issued their view, CGI hadn't provided evidence to*

*show the standard price for the medication M received, and that they had capped the amount they paid to 100% of this amount.*

*Since this view has been issued, CGI have provided our service with this information. And having considered it, I'm satisfied that CGI's deductions correlate with the surplus amount W claimed for the medication, after a 100% mark up had been applied. So, I don't think I can say CGI have acted unfairly when applying this deduction and because of this, I don't think they need to do anything more regarding this aspect of the complaint.*

*I appreciate this is a change from our investigators initial view. And I appreciate the deductions differed for the same medication across two claims. But that is because W charged two different prices for the same medication, not because of any error CGI made.*

### **Other deductions and amounts not paid**

*I can see CGI have deducted two excess amounts, totalling £180. While I appreciate Mrs C's frustration regarding this, as the treatment was a continuation of the initial injury, I can see W asked the claims to be separated as M was being treated for different conditions and investigations. And I think the terms and conditions make it clear an excess will be applied to each claim made on the policy. So, I don't think I can say CGI have acted unfairly when deducting the premiums from the total settlement amount they paid to W.*

*I'm aware Mrs C is also unhappy that the £100.44 she initially paid on account to W wasn't considered. And she feels this should've applied towards her excess. But this was a payment made to W directly, and not to CGI. So, I don't think CGI were obliged to put this towards an excess amount that was applicable. I'm also unable to see that the £100.44 Mrs W paid for was put to CGI as part of any of the claims raised. So, as this wasn't claimed for, I don't think I can see CGI have acted unfairly when not reimbursing this.*

*As I think some of the deductions have been applied unfairly, I've then turned to what I think CGI should do to put things right.*

### **Putting things right**

*When thinking about what CGI should do to put things right, any award or direction I make is intended to place Mrs C back in the position she would've been, had CGI acted fairly in the first instance.*

*In this situation, had CGI acted fairly, I think they would've covered the costs of the deductions applied regarding the treatment not claimed for within 90 days, the CT/MRI reporting fee and the full consultations fees, as well as the full general anaesthetic fees. And this would've meant Mrs C had a lesser amount payable to W.*

*So, I think these amounts should be paid to Mrs C, along with 8% from the date Mrs C paid W, to the date of payment to recognise the length of time Mrs C has been without access to these funds. I'd expect Mrs C to evidence when she paid W, so CGI is able to calculate this interest correctly.*

*And had CGI settled the claim fairly in the first instance, I don't think Mrs C would've needed to continue to engage with CGI, W and ourselves in an attempt to recoup the amounts she felt had been deducted unfairly. I'm satisfied this has taken time and effort from Mrs C, and I don't doubt it would've been both stressful and upsetting during that process. Our investigator recommended CGI pay Mrs C £100 to recognise this trouble and upset. And I think this recommendation is a fair one, that falls in line with our services approach and what I would've directed, had it not already been made. So, I intend to direct CGI to pay this*

*additional amount.”*

## **Responses**

Mrs C responded to the provisional decision and accepted it. But she didn't think the provisional decision considered her comments regarding a mistake she felt was present in the third invoice. Mrs C explained that although the third invoice itemised a £0 excess charge, she felt the £90 excess amount had been deducted. So, she thought this needed to be paid to her.

CGI also responded to the provisional decision and accepted it, agreeing to pay Mrs C the costs outlined along with 8% interest once evidence of payment had been provided by Mrs C. And they agreed to pay Mrs C an additional £100 in compensation. But CGI made it clear that they would apply the medication mark-up deductions to the claim Mrs C made outside of the 90-day exclusion.

## **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 see no reason to change my initial conclusions.

I recognise CGI have accepted the directions I set out in my provisional decision. And Mrs C also accepted these same directions. As they have been accepted by both parties, I don't intend to discuss them any further. Instead, I will comment solely on the additional comments both parties have made outside of this acceptance.

CGI explained that, when paying Mrs C the claim made outside of the 90-day exclusion, they intend to deduct the medication mark-up over 100%. I explained with my provisional decision that I felt CGI had applied this deduction fairly, in line with the policy terms, to the previous invoices that had been settled and so, I think it follows that CGI are fair to apply the deductions here. But for completeness, CGI have provided me with evidence that confirms the medication was charged for over the 100% mark up to reassure Mrs C these deductions will be applied fairly and correctly.

Mrs C has also made comments about the third invoice settled by CGI, where when deductions were applied to the original invoice amount, there should've been £602.29 left for CGI to pay to W. But on the invoice, it states that the total payment made was for £512.30, which is £90 less than what the invoice with deductions showed. So, I can understand why Mrs C would question this and feel as though the excess had been applied, even though it was listed on the invoice as £0.00.

But I've totalled the payments of all three invoices that related to the one aspect of the claim Mrs C made. And having done so, after deductions, the total payment amounts shown on the invoices total £1,536.84. Yet I can see that on W's statement, for the aspect of the claim the three invoices relate to, a payment of £1626.84 was made by CGI on 11 April 2022.

And this payment of £1,626.84 is exactly £90 more than the total payable amounts represented on the invoices, I'm satisfied that the £90 excess was deducted, and that CGI did pay a total of £602.29 for the third invoice as they should've done. I appreciate this wasn't made clear on the invoices Mrs C had seen but I hope this provides her with some reassurance that the total amount paid out was indeed correct. And the original finding I made in my provisional decision that two excess amounts were applied fairly remains.

## **Putting things right**

Both Mrs C and CGI accepted the award and directions I set out in my provisional decision. Within this I explained that, had CGI acted fairly, they would've covered the costs of the deductions that were applied regarding the treatment not claimed for within 90 days, the CT/MRI reporting fee and the full consultations fees, as well as the full general anaesthetic fees. And that if they had done this, Mrs C would've held less to pay to W.

So, I think these amounts should be paid to Mrs C along with 8% statutory interest from the date Mrs C paid W, to the date of refund to recognise the length of time Mrs C has been without access to these funds. But CGI are able to apply any deductions to this amount regarding the medication mark-up, as I've discussed above in this decision. Mrs C will need to provide CGI with proof of when she paid W directly, so the interest can be calculated correctly.

CGI have also agreed to pay Mrs C £100 to recognise the distress and inconvenience Mrs C has been caused by needing to engage with CGI, and the time and effort this has taken, to recoup the amounts that have been deducted unfairly. My decision remains the same that this payment is a fair one, that falls in line with our service's approach.

## **My final decision**

For the reasons outlined above, I uphold Mrs C's complaint about Casualty & General Insurance Company (Europe) Ltd and I direct them to take the following action:

- Pay Mrs C the total amount of the deductions that have been applied unfairly, as stipulated above, plus 8% statutory interest from the date Mrs C paid W to the date of payment from CGI; and
- Pay Mrs C £100 to recognise the trouble and upset she's been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 4 April 2023.

Josh Haskey  
**Ombudsman**