

The complaint

Ms G complains that Newline Insurance Company Limited cancelled her pet insurance policy without her knowledge and refused to reinstate the policy.

Ms G will see that my decision is about a different business to the one our investigator referred to in her correspondence. Newline is the underwriter (the insurer) of this policy. Part of this complaint concerns the actions of Newline's agent which is the business our investigator referred to. As Newline has accepted it's accountable for the actions of the agent in my decision any reference to Newline includes the actions of the agent.

What happened

Ms G had a 'lifetime' pet insurance policy for her dog since 2015, insured by Newline. The policy renewed automatically each year on 19 February.

Ms G paid the policy premiums monthly by direct debit. Newline couldn't collect the February to March 2022 premium from her bank. Newline said on 2 March 2022 it emailed Ms G saying it hadn't been able to collect the premium and she should contact it within 10 working days from receipt of the correspondence to avoid the policy being cancelled. And on 9 March 2022 it emailed Ms G saying as it hadn't heard from her the policy would be cancelled in three days if she didn't contact it. Newline said on 11 March 2022 it emailed Ms G saying it had cancelled the policy.

On 4 April 2022 Ms G phoned Newline saying she'd just received its letter through the post about it cancelling her policy and asked why that had happened. Newline told her about the uncollectable premium. She asked to reinstate the policy and she said she paid the outstanding premium with her credit card. Newline said it would check if the policy could be reinstated. When Ms G chased for confirmation Newline refused to reinstate the policy.

Ms G complained to us. In summary she said:

- The email address Newline used to tell her the premium had been missed had been shut down in June 2016 by the email provider. Newline would have received a bounce back email saying the email had been undelivered and she provided evidence about that point. She said Newline should have then contacted her by phone or post to tell her about the missing premium and its intention to cancel the policy.
- She'd told Newline about her new email address several years ago. She didn't know Newline still had her defunct email address as she received her policy documents by post.
- She contacted Newline as soon as she knew there was a problem with her policy.
- She would never knowingly miss a premium payment as it was very important to have the policy. She'd been paying the policy since her dog was young to ensure he had lifetime cover as he got older and he now had an existing medical condition that Newline provided cover for which another insurer wouldn't cover.

- She wants to pay the missing premium for the policy to be reinstated. She also wants Newline to pay her compensation for the stress and anxiety it caused. She had to pay vet bills since the policy was cancelled and she's been worried as her dog had been waiting for an x-ray which she couldn't afford without the policy cover.

Newline initially said:

- When the policy started Ms G gave her contact preference as email so it sent her emails about the cancellation to the email address it's had on its system since the policy started. It had no record of her contacting it to change the email address.
- It had no record of its emails to Ms G being undelivered or rejected. If so it would have sent her the correspondence by post.
- If Ms G wasn't able to access that email address it meant she hadn't received her policy renewal documentation for a number of years. She should have told it she didn't receive the policy documents, then it would have been clear it had the wrong email address which would have been updated.
- In the 4 April 2022 call it didn't take Ms G's card payment for the premium and it hadn't told her the policy would be reinstated, it said it would check if the policy could be reinstated.
- It acted within the policy terms in cancelling the policy.

Our investigator said Newline had acted fairly in not reinstating the policy.

Ms G disagreed and wanted an ombudsman's decision. She added that the policy terms say that Newline should have written to her at her last known address before it cancelled the policy. If so she would have got the letter and been able to contact Newline before it cancelled the policy.

Before I made my provisional decision I asked both parties for some more information. Ms G said since the policy had ended she'd paid vet fees of about £100. Her dog was still waiting for the diagnostic x-ray and he was still in pain. She hadn't taken out another policy for her dog as under a new policy his condition that needed treatment would be excluded as a pre-existing condition.

Newline gave a detailed response which included that it had received a message of failed delivery to its email to Ms G of 5 February 2022, to confirm the policy renewal, and to its emails to Ms G of 2 and 11 March 2022 about the missing premium and policy cancellation.

Newline now said it had reissued those letters and sent to Ms G by post. It sent screen shots of its system which it said showed the relevant letters were posted to Ms G. It said she hadn't contacted it in the timescales given even though she received the letters by post.

What provisionally decided – and why

I made a provisional decision that I was intending to uphold the complaint. I said:

'I have to decide whether Newline acted fairly and reasonably in cancelling and not reinstating the policy, and I don't think it did. I'm intending to uphold this complaint. I'll explain why.

Newline and Ms G have sent us policy terms. Those sent by Newline say:

'We have the right to cancel your policy at any time by giving you 14 days' notice in writing where there is a valid reason for doing so. We will write to you to set out the reason/s for cancellation. Valid reasons may include but are not limited to:

Where we have been unable to collect a premium payment. We will write to you requesting any outstanding payments be brought up to date within 14 days of receipt. We will also notify you that if payment is not received within 14 days, your policy will be cancelled with immediate effect'.

The policy terms Ms G sent differ as they include the words *'we will send the cancellation letter to the last known address we have for you...'*

It's not clear which were the relevant terms at the policy renewal in February 2022. But even if it was the version Ms G sent us I think 'address' can be reasonably be read to also mean email address, not just postal address. And Newline has now given evidence that it sent some of the relevant letters to Ms G by post.

Until very recently Newline's evidence was that it had sent the letters about the missing premium and policy cancellation only to Ms G's email address that it had on file and much of the parties' correspondence has been about whether that was reasonable. However, Newline now says it received a failed to deliver message to its emails to Ms G of 5 February, 2 and 11 March 2022 so it reissued those letters and sent to Ms G by post.

I appreciate Ms G may be concerned Newline has now given different evidence about how it sent her the relevant correspondence. I think it's disappointing Newline has only now given this evidence. But its system notes that it's highlighted show the correspondence which it emailed to Ms G on 2 and 11 March was also reissued and sent by post.

Newline's system also shows the letter it sent to Ms G on 9 March 2022 was only sent by email. I think it's more likely than not that email also wasn't received by Ms G. She's provided evidence which shows the email address Newline had for her was closed by the email provider in June 2016 and if an email was sent to that email address Newline would receive a response saying the email couldn't be delivered.

So the relevant evidence now is that on 2 March 2022 Newline sent Ms G a letter in the post about the missed premium saying she needed to contact it to avoid the policy being cancelled. And on 11 March 2022 Newline sent Ms G a letter in the post saying it had cancelled the policy.

From the evidence I have I think Newline didn't cancel the policy in line with its policy terms. The policy says if Newline hadn't been able to collect a premium it will write to Ms G requesting any outstanding payments be brought up to date *'within 14 days of receipt'*. The policy also says *'if payment is not received within 14 days, your policy will be cancelled with immediate effect'*.

Even if I took it that the 2 March letter should have been received in the post by Ms G on or about 7 March 2022 Newline cancelled the policy on 11 March 2022. That's less than the 14 days *'from receipt'* referred to in the policy terms and less than the 10 working days *'from receipt'* referred to in its letter. So I don't think Newline acted within its policy terms or fairly in cancelling the policy when it did.

In addition, the policy terms refer to outstanding payments having to be brought up to date within *'14 days of receipt'* and Newline's 2 March letter refers to Ms G needing to contact it within 10 working days from receipt of the correspondence to avoid the policy being

cancelled. So the date of Ms G's receipt of the letter is key to when Newline could correctly cancel the policy.

The only evidence I have for when Ms G received a letter about policy cancellation is from the phone call she made to Newline on 4 April 2022 when she said 'a letter has just come through the door'. So the evidence is she received Newline's letter on or about 4 April 2022. And I think that evidence is supported by her reasonably saying the policy is important to her as it provides her dog, who has an existing medical condition, with lifetime cover so she wouldn't want the policy to be cancelled. I think Ms G would phone Newline as soon as she got a letter about policy cancellation.

In the 4 April call Ms G offered to pay the missing premium that day. Newline didn't take the payment as it wanted to check about reinstatement of the policy. But I think Ms G asked to pay the missing premium within 14 days of receipt of being told the premium was outstanding. So I don't think Newline correctly cancelled the policy under a strict interpretation of the policy terms or fairly and reasonably in all the circumstances.

I think the fair and reasonable outcome in these circumstances is for Newline to reinstate the policy so that Ms G is in the position she would have been if she if it hadn't cancelled the policy. That also means Ms G will first need to pay Newline the premium payments for the policy, which she would have paid if the policy had been in force at the time. She will be able to make claims on the reinstated policy for the vet fees she's incurred, subject to the policy terms.

The policy was due for renewal in February 2023 and I see no reason why Newline shouldn't offer Ms G the renewal as it would have done if it hadn't wrongly cancelled the policy which renewed in February 2022. So Ms G should be able to continue the lifetime cover for her dog. If Newline doesn't offer Ms G renewal of the policy from February 2023, on the policy terms it would have offered her if it hadn't cancelled the 2022 policy, she will need to make a separate complaint.

It's clear Ms G has been caused considerable inconvenience and upset by Newline's unreasonable decision not to reinstate the policy. She's had to postpone her dog's diagnostic x-ray as she couldn't afford to have the treatment without the policy cover. She's understandably upset she's not been able to get treatment for her dog. And it's reasonable that she didn't take alternative insurance as the required treatment would be an excluded pre-existing condition under a new policy. In all the circumstances I think Newline should pay Ms G £250 compensation for her distress and inconvenience its actions have caused'.

Responses to my provisional decision

Newline accepted my provisional decision, although its agent made points why it didn't agree which focused on issues it had raised in previous correspondence with Ms G and us.

Ms G was disappointed with the redress I'd recommended. In summary she said:

- She wasn't in a position to pay the lump sum of premiums, about £680, to re-instate the 2022 policy which had built up due to the time taken to resolve the complaint. If Newline had agreed to reinstate the policy from the outset, as it should have done, she would only have had to pay a couple months of premiums to catch up.
- It wasn't fair she had to pay the years' worth of premiums to reinstate the 2022 policy as she would be paying for a year's worth of insurance cover her dog didn't have and had had to suffer through. Her dog hadn't been able to have treatment for about 13 months and she had to get painkillers to manage his pain because she couldn't afford treatment.

- She didn't think the redress acknowledged what she saw as Newline's 'mismanagement and dishonesty' and the impact on her and her family.

Ms G asked that I waive the need for her to pay the premiums for the reinstated 2022 policy or increase the compensation award to cover the premiums as she hadn't been able to use that policy. She also asked that I consider awarding more compensation for her distress and inconvenience Newline caused and she gave me some personal details about that.

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.

Although Newline's agent doesn't agree with my provisional decision, the important point is Newline is the business responsible for the complaint and it accepts my provisional decision. In any event, in my provisional decision I've addressed the issues its agent has raised.

I've carefully considered Ms G's response. I appreciate the points she's made but I still think the redress I proposed gives a fair and reasonable outcome.

Newline must reinstate the 2022 policy so that the lifetime cover with its benefits isn't interrupted. Ms G says as that policy period has passed she'll be paying for a policy she didn't and now can't use. But when the policy is reinstated if the date of her getting the painkillers from the vet is in the 2022 policy period she can claim the cost of that treatment under the 2022 policy (subject to policy terms). If she doesn't want to make a claim under the 2022 policy it's still fair that she has to pay the premiums for the 2022 policy as she is in effect paying for the continuation of life cover during that period so there's no break in cover when she starts the 2023 policy.

If Ms G isn't able to pay the policy premiums to reinstate the 2022 policy in one lump sum she can contact Newline about paying the premiums in instalments. In the circumstances I think it would be fair for Newline to accept instalment payments of a reasonable amount.

It's not unusual for a policyholder to pay premiums for a policy they don't actually use for that year. The issue for Ms G is if the 2022 policy had been in place at the time her dog would have had treatment during that period rather than him having to wait in pain. That doesn't mean Ms G shouldn't pay the premium for the 2022 policy but it does mean I think compensation is payable for her inconvenience and upset.

Ms G's told me why it was very difficult for her and her children to see their dog in pain. For compensation purposes I can only take into account her, as the policyholder, distress and inconvenience. That's not to take away from I know it would have been difficult for the family.

I understand why Ms G is frustrated and concerned about how Newline, through its agent, handled her claim and complaint. But I haven't seen evidence that Newline has been dishonest, as Ms G suggests. And I don't award compensation as a penalty or 'fine' against the business. Overall I still think that £250 is a fair amount of compensation for Newline to pay for Ms G's distress and inconvenience.

For the reasons I've given in my provisional findings and these findings I uphold this complaint.

Putting things right

Newline must reinstate Ms G's dog's lifetime cover policy from February 2022 once Ms G has paid the outstanding premiums and pay her £250 compensation for her distress and inconvenience its actions have caused.

My final decision

I uphold this complaint and require Newline Insurance Company Limited to:

- reinstate Ms G's dog's lifetime cover policy from February 2022 once Ms G has paid the outstanding premiums, and
- pay Ms G £250 compensation for her distress and inconvenience its actions have caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 28 April 2023.

Nicola Sisk
Ombudsman