

The complaint

Mr K complains about a declined claim he made on a pet insurance policy with HDI Global Specialty SE ('HDI').

HDI are the underwriters (insurers) of this policy. Part of this complaint concerns the actions of their agents. As HDI have accepted they are accountable for the actions of their agents, in my decision, any reference to HDI includes the actions of their appointed agents.

What happened

The background to this complaint is well known to both Mr K and HDI. In my decision, I'll focus mainly on giving the reasons for reaching the outcome that I have.

Mr K took out a 'life time' pet insurance policy with HDI in 2021, to cover his cat. The policy was due to renew on 31 July 2022. Mr K was sent a renewal invite on 10 July 2022 and a 'policy lapsing' email on 28 July 2022. HDI's records show that the policy wasn't renewed and it expired.

On 31 July 2022, Mr K took out a new policy with HDI. A few weeks later, Mr K tried to claim against his policy - but HDI declined the claim as they said the first signs or symptoms were noticed (on 4 August 2022) within 14 days of the start of the policy. Mr K raised a complaint as he said this wasn't a new policy, rather a renewal of his existing policy and regardless, the condition being claimed for wasn't diagnosed until after scans on 24 August 2022 – which was after the 14 day waiting period.

As Mr K remained unhappy with HDI's response to his complaint, he referred it to our Service for an independent review. Our Investigator considered the complaint but didn't recommend that it be upheld. Mr K didn't accept what the Investigator had recommended, so the complaint was referred to me for a decision.

I sent both parties a copy of my provisional, intended findings recently. As the deadline for responses has now passed, I've now considered the complaint for a final 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.

Although a number of issues have been raised, this decision only addresses those issues I consider to be materially relevant to this complaint. This isn't meant as a discourtesy to either party – it simply reflects the informal nature of our Service. Both parties responded to my provisional decision, but as no materially new evidence has been presented, I see no fair or reasonable to deviate from my provisional, intended findings. However, I have amended my direction slightly to take account of the lower premiums Mr K was charged. This has already been communicated to Mr K.

The policy end/renewal

Mr K has argued that the policy he was claiming against wasn't a new policy - but a continuation of the existing policy taken out in 2021. I've considered the information Mr K was given when he took this policy out. The policy schedule stated:

COMMENCEMENT DATE	31/07/2021	PERIOD OF INSURANCE	12 Months
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I've then considered the policy renewal invite which stated: "*Renewal Date: 31/07/2022*".

Another renewal reminder stated:

"As you may be aware the policy for [pet's name redacted by Ombudsman] is due to expire on 31/07/2022.

As [pet's name redacted by Ombudsman] policy was paid in full by Credit/Debit Card last year this means it will automatically expire on your renewal date unless we hear from you to provide us with payment instructions."

Based on a reasonable interpretation of the above, the contract of insurance was due to end on 31 July 2022. In the absence of a time being specified, a reasonable interpretation is that Mr K had until the end of 31 July 2022 to renew the policy,

HDI sent Mr K a further communication stating:

*"As we have not had any instructions from you to renew your policy, it has expired with us on **30/07/2022**. [bold added for emphasis by Ombudsman]"*

But this would mean that Mr K's contract of insurance ended before 31 July 2022 and was for 364 days instead of 365 days. The relevant terms of business also stated:

"Renewal

*All our policies are annual policies which run for **12 consecutive calendar months** [bold added for emphasis by Ombudsman] effective from the commencement date."*

I've carefully noted that despite providing a relatively detailed response overall, HDI didn't comment on this specific finding in their response to my provisional decision and have remained silent on it.

Based on what I've seen, Mr K took out the new policy on 31 July 2022 (which he thought was a continuation of his existing policy) in good faith – prior to his pet first displaying symptoms.

This is important because the extracts highlighted above would reasonably suggest to a policy holder that their contract of insurance ended on 31 July 2022 – the same date that Mr K thought he had renewed this policy. If it was intended by HDI that cover would end at 11.59pm on 30 July 2022, their communication needed to make this clear - it didn't, and I find that Mr K has lost out because of this.

Given the particular type of cover taken out here, HDI will recognise the importance of having continuous cover in place for pet owners. Whilst I accept that Mr K could've acted sooner (after receiving the renewal invites), I'm only considering the actions of HDI here and the information they gave Mr K.

HDI have said that Mr K took out a new policy via an aggregator/comparison site and it

would have been obvious that he was taking out a new policy – rather than renewing. HDI have also said that the premiums Mr K was charged for the ‘new policy’ were lower than the ‘renewal quote’ of £266.64. But I’m not at all persuaded that Mr K will have intentionally taken out a new policy on 31 July for the sake of a small saving. I say this because Mr K didn’t want a break in cover for the limitations/waiting period reasons that HDI have referenced and, as covered above, the communication from HDI was fairly interpreted as meaning he could still renew on 31 July.

For the sake of fairness and completeness, in the specific circumstances of this complaint, HDI can fairly deduct the difference between the renewal invitation quote and the price that Mr K actually paid from the value of any claim settlement here. This recognises that Mr K was charged a slightly lower premium than if the policy had renewed as he’d intended.

The declined claim and how have HDI treated Mr K overall?

I find that for the purposes of this claim, HDI should now treat this policy as a continuation of the policy first taken out on 31 July 2021.

By effectively removing any break in cover, this means that it is unfair of HDI to rely on the 14 day waiting period as a reason to decline this claim. HDI now need to reconsider the claim in line with the remaining policy terms. Should this be a claim that progresses to settlement, HDI should add 8% simple interest from the date Mr K first made this claim until the date that any claim settlement is made.

I also find that HDI haven’t treated Mr K fairly or reasonably here and they’ve caused avoidable trouble and upset because of how they’ve handled this claim. I direct HDI to pay Mr K £150 to recognise the impact of their actions on him.

Putting things right

For ease, I’ve summarised my direction below:

- For the purposes of this claim, HDI Global Specialty SE should now treat this policy as a continuation/renewal of the policy first taken out on 31 July 2021 and consider the claim in line with the remaining policy terms.
- Should this be a claim that progresses to settlement, HDI Global Specialty SE can fairly deduct the price difference between the renewal quote and the price that Mr K paid for the ‘new policy’ from any settlement amount. This is to address HDI Global Specialty SE’s point about Mr K benefitting financially from having a cheaper policy.
- HDI Global Specialty SE also need to add 8% simple interest, per annum to any claim settlement amount from the date Mr K initially raised this claim, to the date that any claim settlement is paid to him.
- HDI Global Specialty SE need to pay Mr K £150 compensation to recognise the avoidable trouble and upset caused as a result of their actions and how they’ve handled things here.

My final decision

My final decision is that I uphold this complaint. HDI Global Specialty SE now need to follow my direction, as set out under the heading ‘*Putting things right*’.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr K to accept or

reject my decision before 24 May 2023.

Daniel O'Shea
Ombudsman