

The complaint

Mr S complains about Casualty & General Insurance Company (Europe) Ltd's (C&G) settlement of his pet insurance claim. My references to C&G include its agents.

What happened

Mr S had pet insurance for his dog underwritten by C&G. He claimed for surgery to remove a histiocytoma (a small benign lump) on his dog's face. The total cost of the surgery was £979.10.

C&G accepted the claim, less the excess, and agreed to pay Mr S £754.42. It wouldn't pay £6.20 for the buster collar, £7.81 for the consumables, £111.24 for the fluid therapy and £9.43 for medication over a 100% mark-up. Mr S told us he's not concerned about the smaller items but he wants C&G to pay for the fluid therapy.

C&G initially told Mr S it wouldn't pay for the fluid therapy as the policy only covered vet fees essential for his dog's health and well-being. In its final response letter C&G said it considered fluid therapy to be routine treatment, that was included as part of other treatment, which the policy excluded. C&G also said it would consider covering the cost if fluid therapy was necessary to save a pet's life or for a senior animal but there was no evidence that applied to Mr S' dog.

Mr S complained to us. In summary he said:

- The policy terms C&G relied on were too vague for him to know in advance of the surgery what C&G would and wouldn't cover and he wouldn't know in advance what treatment the operating vet would decide needed to be done.
- The policy wasn't clear fluid therapy might be excluded as it was 'routine'. He believed the vet wouldn't do unnecessary treatment.
- The policy didn't say C&G might cover fluid therapy for an older animal but not for a younger animal.
- The above meant the policy terms depended on C&G's discretion and interpretation and were unfair.

Our investigator spoke to a vet nurse at the vet practice where Mr S' dog had surgery. The nurse said fluid therapy wasn't essential except when a dog is senior or poorly. So our investigator said C&G fairly declined the claim as the fluid therapy for Mr S' dog was routine treatment.

Mr S disagreed and wanted an ombudsman's decision.

What I provisionally decided – and why

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

'The relevant regulator's rules say that insurers must handle claims promptly and fairly. And they mustn't turn down claims unreasonably.

I'm intending to uphold the complaint as I think C&G unreasonably declined to pay for the fluid therapy. I'll explain why.

The policy terms cover vet fees, up to the policy limit, but says under the general exclusions:

'Vet Fees will only be paid if they are: -

Reasonable; and

Essential for Your pet's health and well-being...'

The policy also excludes:

'Any claim for cosmetic, elective, or routine Treatment'.

Fluid therapy is intravenous fluid given while an animal is under anaesthetic. I've listened to the call between our investigator and the vet nurse and the nurse said the practice would always advise fluid therapy when giving an animal anaesthetic but it was essential when a dog was senior or unwell.

Mr S' dog was about nine months old at the time of surgery and I've seen no evidence that he was unwell before or during the surgery. So from the vet nurse's evidence the fluid therapy for Mr S' dog wasn't essential but would have been advised for his well-being. C&G say that makes the fluid therapy for Mr S' dog routine treatment.

But even if I thought under a strict interpretation of the policy terms C&G could deduct the fluid therapy costs from the overall surgery costs I also have to consider what's fair and reasonable.

There's no policy definition of 'routine treatment' so it's open to C&G to decide what treatment is routine and exclude it. It's not clear to a policyholder what treatment C&G would consider to be routine. I don't think that's treating customers fairly or allowing them to work out if the policy's cover is suitable for their needs. I think a consumer can reasonably understand that when a vet operates on their animal the vet will do the necessary treatment to try to ensure the animal's well-being. Mr S' vet practice says fluid therapy is advisable if an animal is anaesthetised and that's what happened with Mr S' dog. I think an average consumer wouldn't understand from the policy terms that fluid therapy wouldn't be covered as part of general surgery costs'.

In these circumstances I didn't think C&G fairly and reasonably relied on the above policy exclusions to deduct the cost of fluid therapy from its settlement of the claim. I said I was intending to require C&G to pay Mr S the £111.24 for the fluid therapy plus interest as I detail below.

Responses to my provisional decision

C&G didn't respond. Mr S accepted my provisional decision and he said he hoped C&G would take note of what I'd said about the relevant policy wording.

Mr S added that as a result of this problem he cancelled the policy with C&G and moved to another insurer but the new policy excluded cover for pre-existing medical conditions, as is usual when moving to another insurer

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.

As C&G hasn't responded to my provisional decision and Mr S accepted it I've no reason to change my mind. For the reasons I've given in my provisional findings and these findings I don't think C&G fairly and reasonably deducted the cost of fluid therapy from its settlement payment of Mr S' claim and I uphold the complaint.

Mr S says that as a result of this dispute with C&G he changed insurer which meant his dog isn't covered for pre-existing conditions. It's not clear if he wants to complain about that matter. If so he'll need to first complain to C&G about the matter and if agreement can't be reached he can make a separate complaint to us.

Putting things right

C&G must pay Mr S £111.24 for the fluid therapy that it deducted from its settlement payment of the claim, plus interest as I've detailed below.

My final decision

I uphold this complaint and require Casualty & General Insurance Company (Europe) Ltd to pay Mr S £111.24 for the cost of the fluid therapy that it deducted from its settlement payment of the claim and add interest* at 8% simple a year from the date Mr S paid the vet's bill until the date of settlement.

*If Casualty & General Insurance Company (Europe) Ltd considers that it's required by HM Revenue & Customs to take off income tax from that interest it should tell Mr S how much it's taken off. It should also give Mr S a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 6 June 2023.

Nicola Sisk
Ombudsman