

The complaint

Mr S complains that Jigsaw Insurance Services Plc's mis-sold him pet insurance.

What happened

Mr S had a pet insurance policy sold to him by Jigsaw and underwritten by an insurer, to cover his pet dog.

The policy was first taken out in September 2012 and had been renewed every year since then up to the last renewal in September 2021.

Mr S tells us that sadly his dog had been diagnosed with a terminal illness before September 2021. This meant there would be no further surgery or curative treatment. Essentially, any further veterinary payments would be for insulin, syringes and pain medication only.

At renewal, monthly premiums for 2021/2 were set to be £234.33. Mr S tells us he had to make a calculation about whether it was worth him paying those premiums given the limited treatment his dog would receive during the end stage of its life.

Mr S called Jigsaw to discuss the renewal. During that conversation he was told that a death benefit of up to £1,000 would be payable when his dog died, if he renewed the policy. And, on that basis, Mr S renewed his policy.

Mr S paid the monthly premiums through to May 2022, when very sadly his dog passed away. During the period between renewal in September 2021 and May 2022, Mr S had made several claims under the policy for the on-going treatment and medication his dog received.

When Mr S asked for the death benefit to be paid, it was pointed out to him that in fact his dog didn't qualify for the benefit because of its age.

Mr S complained to Jigsaw. He was unhappy he'd taken out a policy costing £234.33 per month and had received considerably less than that back in claims payments, the amount of which had been reasonably predictable before he renewed the policy.

Jigsaw accepted that Mr S had been told, during the telephone conversation prior to renewal, that he would receive the death benefit when his dog died. They apologised for that but didn't propose to refund any part of Mr S's premiums or pay compensation for misleading him in that way.

Mr S wasn't happy with this and brought his complaint to us. Our investigator looked into it and thought Jigsaw hadn't been fair to Mr S.

She said they should repay Mr S's premiums less the amount already paid out against the claims Mr S had made. And she thought Jigsaw should also pay Mr S £100 in compensation for the trouble and upset their error had caused him.

Jigsaw disagreed and asked for a final decision from an ombudsman.

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.

Jigsaw have pointed out that Mr S renewed his policy annually between 2012 and 2021. At the outset, when he first bought the policy, and every year since then, he'd been sent policy documents which were clear that the death benefit applied only for dogs under a certain age.

Jigsaw admitted that Mr S had been misled during the telephone conversation prior to renewal in 2021, but essentially argued that Mr S ought to have known that the death benefit wouldn't be payable in his dog's case.

It appears Mr S *did*, as Jigsaw suggested, receive policy documents each year which outlined the benefits in full - and set out the restrictions on them. And if Mr S had renewed his policy without giving any further thought to the matter, mistakenly believing the death benefit applied, then I wouldn't be upholding this complaint.

However, Mr S rang Jigsaw to check what the benefits of the policy were. And he did that quite explicitly because he was in a dilemma about whether to renew given the cost of the premiums versus the value of the likely claims. The claims value was, as I've already said, almost entirely predictable.

Mr S was told the death benefit *would* apply – no-one disputes that. And so, he factored that into his calculations about whether to renew the policy. It seems to me that given the (entirely predictable) costs of the on-going treatment and medication, Mr S would have had to be innumerate to even consider renewing the policy unless he thought the death benefit would apply.

So, in summary, everyone agrees Mr S was misled. I'm satisfied that affected his decision to renew – he wouldn't have renewed unless he was assured the death benefit applied. And so, Jigsaw's error caused Mr S to renew a policy which was never going to be economically worthwhile for him.

And so the only fair thing to do is to require Jigsaw to put Mr S back in the position he'd have been in if he hadn't received that completely misleading information during the phone call prior to renewal.

Putting things right

In short, I'm going to require Jigsaw to refund all of the premiums Mr S paid after the renewal in September 2021, less the value of the claims payments they made to him. In effect, making it as if Mr S hadn't renewed the policy at all in September 2021.

That's what our investigator intended to ask Jigsaw to do in her view. However, Jigsaw had at that point provided some misleading information about the value of the claims Mr S had made that had already been paid.

They originally said they'd paid out on claims to the value of £1,310.30 in total (over eight claims).

When we went back to check that more recently - because that amount didn't seem to tally with the copies of the claims' forms we'd been sent – Jigsaw said they'd actually paid out £638.02 to Mr S during the policy year (over six claims).

The earlier, higher figure had included excesses - which obviously weren't paid to Mr S – and indeed included two claims where no payment was made because the amount claimed wasn't higher than the excess.

I'm grateful to Jigsaw for finally clarifying how much money Mr S has actually been paid under his policy from renewal in September 2021 up to May 2022.

In order to put him back in the position he would have been in had he not been misled, Jigsaw need to now pay Mr S £1,334.19.

That's nine months' premiums at £234.33 per month (£2,108.97), less a refund for part of May 2022 which I understand Jigsaw or the insurer have already paid Mr S (£136.76), less the £638.02 Mr S has received from the claims he's made in the policy year.

I'm also going to require Jigsaw to pay Mr S £100 in compensation for his trouble and upset, as suggested by our investigator. Mr S has been inconvenienced by this course of events. And his legitimate expectations – after speaking to Jigsaw before he renewed – have been disappointed, at what was already an upsetting time for Mr S.

My final decision

For the reasons set out above, I uphold Mr S's complaint.

Jigsaw Insurance Services Plc must pay Mr S £1,334.19 in returned premiums plus £100 for his trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 22 June 2023.

Neil Marshall
Ombudsman