DRN-4120902

The complaint

Mrs H complains that Casualty and General Insurance Company (Europe) Ltd (C & G) have restricted her claim for treatment provided to her cat M, capping some charges unfairly, and she isn't happy with the way the excess and co-payment have been deducted, and the policy benefit limit applied.

What happened

Mrs H held a pet insurance policy from C & G for her cat M, with a policy benefit limit on vets fees of £4000 per condition per year.

In April 2022 Mrs H took her cat M to the vet as she was unwell, and unfortunately, despite several days treatment, M passed away.

The total bill came to £5055.49, which was claimed for across 5 separate claims.
C & G applied policy restrictions to some parts of Mrs H's claims, deducting fluid therapy over £100, hospitalisation over £100, medication mark up over 100%, supplements and part of the claim that related to scans performed by a vet from another practice – a referral vet. Mrs H also complained about way C & G had applied the excess and co-payment, which effectively capped her benefit limit at £3323.50, rather than the £4000 she believed she was entitled to.

Mrs H complained to C & G. In their final response they upheld their decision in all aspects of the claim, except the payment in relation to the medication Destolit. They agreed this would be payable, but they said that the policy limit had now been reached and so no further payment would be made.

Mrs H was unhappy with this and she brought her complaint to us.

One of our investigators looked into Mrs H's complaint and he thought that C & G had applied the policy terms fairly.

Mrs H didn't agree, and so the case has come to me to review.

I issued a provisional decision on the complaint. My provisional findings were as follows:

C & G have made a number of deductions from the claim under various terms in the policy. I have explained whether I think each deduction has been fairly made below.

Medication/Supplements

C & G initially excluded some medication – Destolit - treating it as "supplements". However, in their final response on 7 July C & G agreed that it shouldn't have been excluded. However, they then said it wouldn't now be paid as the benefit limit had already been reached and nothing further was due. I have addressed this under the policy benefit limit below.

Fluid therapy

C & G have restricted the claim relating to fluid therapy M received to £100, deducting a total of £116.81 from the claim. In their final response they have relied on the policy restriction at p16 which says:

"Any costs in excess of £100 and/or greater than 24 hours relating to intravenous infusion for pets younger than 8 unless directly related to treatment that was life-saving for Your pet and Your Vet confirms this to Us;"

Mrs H's policy schedule records M as being 11 years and 1month old at the start date of the policy. As the above restriction specifically applies to pets under 8 years old, I'm satisfied that this policy exclusion shouldn't apply to Mrs H's claim.

I queried this with C & G given M's age. They have responded saying that they have also applied a different restriction which is:

"Vet Fees will only be paid if they are: - Reasonable; and Essential for Your pet's health and well-being. We may limit any payment to a maximum mark-up of 100% for veterinary treatment, medication and dispensing fees; Blood sampling charges will be capped at the UK market average; Each and every claim will be reviewed by Our claims assessors and costs will be compared against charges for the same or similar Treatment to make sure that the Treatment and veterinary fees are reasonable, necessary, essential, and not excessive compared to the rest of the UK market."

They further said that "Current market research has indicated that £100 is a reasonable fee for fluid therapy, and therefore we deducted the costs that exceeded this allowance"

In their original final response, C & G have relied only on the fluid therapy policy term, and it appears that they are now trying to apply a different restriction retrospectively because their original exclusion doesn't apply – which I don't think is fair. In addition, C & G haven't provided me with any evidence which supports their view that the fluid therapy fee invoiced isn't "reasonable, necessary, essential and not excessive compared to the rest of the UK market". In view of that I don't think a restriction on the fluid therapy fees are fair, and so I am minded to direct that the full cost of the fluid therapy should be included in Mrs H's claim.

Hospitalisation

C & G have limited the claim relating to hospitalisation to £100 a day, deducting a total of £102 from the claim. In their final response they have relied on the policy restriction at p16 which says:

"Any claim where the cost of a referral consultation exceeds £200 and where hospitalisation costs exceed £100 per day;"

I can see from the invoices provided that the costs of hospitalisation are listed as £76.77 per day, which doesn't exceed the £100. So, I asked C & G to confirm why they have made a restriction under this term of the policy. They have replied that there are also "inpatient examinations" listed as £48.73 per day, which should be included as a cost of hospitalisation and nursing, bringing the total per day costs to £125.73 for four of the five days of hospitalisation.

I can't see any definition of hospitalisation in the policy booklet, so I've thought about how this should be interpreted fairly. I think that "hospitalisation costs" without any specific

definition should only apply to the cost of the bed space and nursing care for a 24-hour period. I don't think it's fair to include any examination costs, as an animal may need to be seen on several occasions or by different specialists, and so I think that any additional costs for examination should be treated in the same way as any additional costs for tests. I therefore think this deduction should be removed and the full costs of the examinations added back into the claim.

Referral vet fees

C & G have deducted a further £1079.46 from the original claim as they said that these were unable to be considered under the claim from the original treating vet as the fee related to sedation, an echocardiogram, and ultrasound performed by a different veterinary practice, albeit on the premises of the original treating vet.

Following the rejection, a separate claim was submitted by the referral vet and was paid by C & G. However, this was only for the value of £874.20 - for the echocardiogram and the ultrasound. The referral vet didn't include the sedation and monitoring.

It appears therefore that the sedation and monitoring was undertaken by the original treating vet where M was hospitalised and shouldn't have been excluded from the original claim. I am therefore satisfied that the deduction of £205.26 from the original claim was not fairly made and should now be added back to the claim.

Excess, co-payment and policy limit

Mrs H's policy benefit limit is £4000 per condition in each policy period. The policy term says: "With Our Elite Extra Products - Vet fees including Complimentary Therapy, You can claim per Condition up to the Benefit Limit of £4,000 in each and every Policy Period of Insurance (less the applicable Excess).

What is not insured?
• Any amount that is more than the Benefit Limit as shown in Your Schedule
• Any amount shown as the Excess on the schedule. This relates to all sections of cover
• The co-payment of 15% for dogs over 8 years of age and cats over 10 years of age

Policy Definitions

• Co-Payment Means the additional contribution You must make towards the payment of a claim in the event Your pet is over a certain age.
For Cur policies, this is 15% of the remaining amount of a claim after deducting the standard Excess. This is payable by You for each claim and every claim or continuation claim if Your dog is aged 8 years and over, or if Your cat is aged 10 years or over at the time of the claim.

• Excess Means the amount payable by You towards each and every claim, and as further detailed in Your Schedule.

And so, the way that the excess works is that once it has been determined what the value of the claim is after deducting any restrictions under the policy, the excess is deducted, and then the co-payment is further deducted off the balance.

C & G have correctly applied the excess and the co-payment to the individual claims.

However, they have then further capped the cumulative payments so that they have only paid a total of £3323.50, which C & G say is the maximum they can pay under the policy. They have calculated this as being £4000, minus the excess and a 15% co-payment. They have said that this approach is widely accepted in the insurance industry.

I'm not satisfied that this interpretation is right and has been applied fairly. Once the amount payable for each claim has been determined by deducting all the restrictions, excesses and co-payments, the full amounts payable should be paid until the £4000 benefit limit is reached.

The way that C& G have applied this effectively means that the excess and co-payment have been deducted twice, and so Mrs H hasn't received the full benefit of her policy benefit limit up to £4000. If C & G want to apply a policy benefit limit of £3323.50 for vets fees they should make this explicit in the policy, which they do not.

In the light of these findings, I therefore intended to uphold Mrs H's complaint, and I invited the parties to comment.

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.

Mrs H has accepted my findings and asked me to consider awarding her additional compensation and for an apology from C & G. I appreciate that this complaints process has been distressing for Mrs H, however, I'm not able to make awards for any additional upset caused by a complaints process.

C&G have responded reiterating that their policy terms are clear that the excess and co payment are deducted off the benefit limit. I don't agree with this. The policy booklet, IPID and policy schedule all refer to the benefit limit as £4000 for veterinary fees. So, I think it's reasonable that Mrs H would expect to receive a maximum of £4000, and if the policy limit is actually £3323.50, that should be explicit in the policy.

In addition, this reasoning doesn't make sense in cases like this where there are a series of small claims over the year, which might be for different conditions. As in Mrs H's case, the excess and co-payment should be deducted from each individual claim at the time they are made during the policy year, as the benefit limit might not be reached in that year and so it can't then be deducted again from the benefit limit as a whole as that would mean it was being applied twice.

Putting things right

In order to put things right, C & G should:

- Recalculate Mrs H's claim to include the full cost of fluid therapy, the in-patient examination fees, the Detolit, and the sedation and monitoring costs
- Pay any additional monies due up to the policy benefit limit of £4000
- Pay Mrs H 8% simple interest on the sum payable from the date that the original final payment was made until the date of settlement.

My final decision

My final decision is that I'm upholding Mrs H's complaint and direct Casualty and General Insurance Company (Europe) Ltd to put things right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 7 June 2023.

Joanne Ward
Ombudsman