

The complaint

Miss O complains U K Insurance Limited trading as Direct Line (UKI) unfairly declined a claim against her pet insurance policy.

What happened

Miss O held pet insurance with UKI for her dog. It provided cover for vet fees, amongst other things, for up to 12-months per condition. In 2021, her dog's behaviour changed, so investigations were carried out to identify a condition causing episodes such as twitching, flinching, and depression. Miss O says this happened out the blue after a walk, and thinks her dog ate something toxic. Investigations, however, were inconclusive – no condition was diagnosed as the cause of these episodes.

Miss O says the treating vet submitted two claims to UKI in 2021 – but this was only meant to be one as it was all linked. UKI paid the first claim for potential intoxication but declined the second claim which they say was related to a previous condition diagnosed in 2020 for liver dysfunction. They say signs and symptoms in 2021 were similar to those in 2020, and the 12-month claim period had ended.

Miss O says the episodes in 2021 differed to those in 2020. And in any case, she says the treating vet ruled out the 2021 episodes were the result of the 2020 condition, and no condition was diagnosed in 2021. UKI considered this and maintained their stance, but paid Miss O £80 compensation due to the way things were handled. Miss O wasn't happy and asked our Service for an impartial review.

I issued a provisional decision on 26 April 2023 which set out the following:

'What I've provisionally 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.

Several matters have been raised in relation to this complaint – I haven't addressed each one individually. Instead, I've focused on what I consider to be the pertinent points. That isn't meant as a discourtesy, it simply reflects the informal nature of our Service.

The policy says any claims in connection or arising from a pre-existing condition, or claims for a recurring condition in any way connected to a pre-existing condition, aren't covered. UKI relied on these terms to decline the claim. I'm not satisfied this was fair and say this because the treating vet, within their final report, concluded that:

"DIAGNOSIS

Vacuolar hepatopathy

- This represents a non-specific finding and could be incidental, due to a primary hepatic disease or be reactive secondary to another disease process (e.g. endocrinopathy). Unfortunately these biopsies results do not provide a clear explanation of [Miss O's dog's] abnormal episodes."*

No condition was diagnosed as the cause of the 2021 episodes, nor did the vet conclude the 2020 liver dysfunction condition was linked to the same. Miss O says the vet ruled this out. All things considered – I don't think it's fair to say the 2021 episodes were connected to a pre-existing or recurring condition because that wasn't found to be the cause of the 2021 episodes following investigations. Miss O says the signs and symptoms displayed in 2021 differed to those in 2020 when her dog was shaking due to the abdominal pain noted within the clinical history notes. She provided videos to demonstrate this along with her testimony which I've found to be consistent and plausible throughout. It follows I don't find UKI applied the policy terms fairly when declining the claim.

As such, I've gone on to consider the appropriate remedy here to put matters right. I've thought about whether requiring UKI to reconsider the claim would reach a fair and reasonable outcome, but I don't think it would, and will explain why.

In these circumstances, the policy terms, under the vet fees section, say:

'what's not covered – applicable to the Essential and Advanced policy

We won't pay for:

- the cost of routine or investigative tests, unless these are to diagnose a **condition** due to specific existing symptoms or clinical signs and these confirm that **your** pet has a **condition** that is covered under the insurance.'

The 2021 investigations didn't diagnose a condition that was covered by the policy. These circumstances are specifically excluded, so I don't think the claim should be paid on this basis. I note this policy exclusion was only highlighted to Miss O by our investigator – over a year after making the claim – and I know this was a disappointing outcome for her. I say this given the considerable efforts she's made to support her claim that the 2021 episodes aren't connected to a pre-existing or recurring condition.

So, while I won't require UKI to take any action in respect of the claim, I've gone on to consider the way they handled it and the impact on Miss O. She faced several delays, misinformation, and had a terrible time of things overall. The terms are clear in that the policy won't respond following investigations that don't lead to a condition being diagnosed that's covered by the policy. It was apparent early on in the claim the investigations undertaken by the vet didn't provide a conclusive diagnosis which would in turn trigger the policy to respond. Despite this, Miss O made considerable efforts to support her claim which wouldn't have been covered in any case given the exclusion I've mentioned above. It follows compensation is due here.

Due to the way things were handled overall, and the impact on Miss O, I currently intend to require UKI to pay her £400 compensation for any distress and inconvenience caused. I'm satisfied this amount is fair, reasonable, and proportionate, in the circumstances of this complaint.

My provisional decision

My provisional decision is I uphold the complaint. I currently intend to require U K Insurance Limited trading as Direct Line to pay Miss O £400 compensation for any distress and inconvenience caused.'

Our Service received responses from Miss O and UKI – and neither party agreed with my provisional decision. Miss O set out, broadly, that she maintained the claim should be met. UKI said the policy exclusion I relied on within my provisional decision didn't apply to Miss O's circumstances, amongst other things. After reviewing the responses from both parties, I

issued my second provisional decision on 2 June 2023, which set out the following:

'What I've provisionally 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.

UKI declined the claim as the 2021 signs and symptoms were similar to those in 2020 when a liver dysfunction condition was diagnosed. So, the 12-month policy limit for the claim ended. They also say the policy is based on a condition being defined as signs and symptoms rather than a diagnosis of a condition. I'm not satisfied there's enough supporting evidence to show the two are the same and will explain why.

*For clarity, the policy defines a condition as: 'Any **injury** or **illness** or any symptoms or signs of **injury** or **illness**, including related **conditions** or problems, no matter where these are noticed or happen in or on **your pet**.'*

The intention of the policy is to ensure UKI don't pay out more than the policy limits for the same condition. I agree the signs and symptoms were similar here – in 2020 Miss O says her dog was shaking due to abdominal pain, and in 2021 they were twitching and flinching. But importantly, in 2021, the treating vet was unable to provide a clear explanation of Miss O's dog's abnormal episodes. The treating vet says abdominal pains weren't a component of Miss O's dog's presentation in 2021, and they ruled out the 2021 episodes being the result of the previous liver dysfunction condition.

I'm aware the clinical history notes say Miss O witnessed similar episodes two or three times over the previous five years as she did in 2021. Miss O says this isn't accurate. All things considered – it's possible Miss O did witness similar episodes previously, but I don't think this necessarily means these are all linked to the same problem. UKI agree similar episodes occurred in 2020 and 2021, but importantly, in 2020 the cause was a liver condition – which wasn't diagnosed as causing the similar episodes in 2021. As such, I find it's unfair to decline the claim on the basis signs and symptoms were similar in this case. It follows I don't think UKI applied the policy terms fairly and reasonably here. So, I think they should pay the claim and include interest.

I said I previously intended to require UKI to pay Miss O £400 compensation. This was on the basis the terms were clear in setting out the policy won't respond to claims for investigations that don't lead to a condition being diagnosed that's covered by the policy. That's what happened here – 2021 tests didn't provide an explanation or diagnosis as to why the episodes occurred or confirm Miss O's dog had a condition covered by the policy. I said this exclusion would most likely have become apparent to UKI after the treating vet confirmed in their final report no condition had been diagnosed. And despite this, UKI relied on the policy limits to decline the claim, which resulted in Miss O making considerable efforts to support her claim that wouldn't have been covered in any case. Although, as above, UKI have confirmed this exclusion doesn't apply to Miss O's circumstances, so I've disregarded this.

Miss O's efforts to support her claim, amongst other things, has persuaded me to agree UKI applied the policy terms unfairly here. And as this exclusion doesn't apply, I must reconsider the level of compensation I think is appropriate. I remain of the view things could have been handled much better here, and with a higher level of customer service which UKI accept. To recognise these service issues, the delays Miss O faced, and the impact on Miss O of having to go to considerable lengths to support her claim, I currently intend to direct UKI to pay Miss O a further £150 compensation (in addition to the £80 already paid) for the distress and inconvenience caused. I appreciate this aspect of my decision may come as a

disappointment to Miss O. But I hope she understands the reasons for reconsidering this aspect of her complaint, in light of the comments above regarding the policy exclusion.

My provisional decision

For the reasons I've mentioned above, my provisional decision is I uphold the complaint. I currently intend to require U K Insurance Limited trading as Direct Line to:

- Settle Miss O's 2021 claim in line with the remaining policy terms and include 8% simple interest from one month from the date the claim was made to the date of settlement; and*
- Pay her a further £150 compensation for the distress and inconvenience caused.'*

Responses to my second provisional decision

UKI responded to say they were disappointed with the outcome but had nothing further to add. Miss O responded to say she was pleased with the outcome, and also raised the following points:

- UKI has since contacted the treating vet for further medical information to support their case outside the period of insurance.
- She says the impact the claim has, and continues to have, on her has been consuming. She says the distress and inconvenience caused by UKI's handling of matters hasn't changed since my first provisional decision – in fact it's increased. She queried why the compensation amount reduced from £400 to £150.

I've reviewed the further comments provided by Miss O and will now go on to set out my final decision on the matter.

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.

Having done so, I see no reason to deviate from requiring UKI to settle Miss O's 2021 claim in line with the remaining policy terms and include interest. I set out my reasoning previously, on 2 June 2023 (which I've included above), so I won't repeat those reasons again here.

Miss O requested some clarity in respect of the reason why the compensation amount reduced from £400 to £150 over my two provisional decisions. I set out on 2 June 2023 I understood this aspect of my decision may come as a disappointment to her.

A reason why I considered £400 compensation to be fair previously was on the basis the policy excluded cover for investigative tests unless they led to confirmation of a condition covered by the policy. It was clear early on in the claim as the treating vet in their final report confirmed no condition was diagnosed. UKI relied on the policy limits to decline the claim, so Miss O was left to make considerable efforts to support her claim (to demonstrate the 2021 episodes differed to those in 2020) when the claim – as I understood it – wouldn't have been paid in any case given the policy exclusion I cited.

I considered the impact on Miss O to be greater in the circumstances where the claim wouldn't be paid despite her efforts to provide supporting evidence and testimony. Since my first provisional decision however, and as mentioned above, UKI say the exclusion doesn't apply to Miss O's circumstances. And as such, I've set out I'll be requiring UKI to settle the claim and include interest (to recognise the delay in settling the claim). So, because I

changed my views on the claim outcome, it was also appropriate to reconsider the compensation amount I deemed fair and reasonable under these circumstances.

It's important I explain I've carefully reviewed Miss O's testimony and have no doubt the way things were handled caused her to experience a level of distress and inconvenience – over and above what's naturally expected following a claim of this nature. The claim has been running for roughly 20 months and Miss O has had to go to considerable efforts to support her claim. And this, amongst other things, has in turn persuaded me to agree UKI applied the policy terms unfairly and unreasonably when declining the claim.

In concluding, UKI should have handled things much better overall, and with a higher level of customer service. And to recognise the impact the service issues had on Miss O I'll be requiring UKI to pay her a further £150 compensation. I'm satisfied this amount is fair, reasonable, and proportionate, in the circumstances of this complaint.

Putting things right

For the reasons I've mentioned above, UKI must now settle Miss O's 2021 claim in line with the remaining policy terms and include 8% simple interest. They must also pay her a further £150 compensation (in addition to the £80 already paid) for the distress and inconvenience caused.

My final decision

My final decision is I uphold the complaint. I now require U K Insurance Limited trading as Direct Line to:

- Settle Miss O's 2021 claim in line with the remaining policy terms and include 8% simple interest*, from one month from the date the claim was made, to the date of settlement; and
- Pay her a further £150 compensation for the distress and inconvenience caused.

*If U K Insurance Limited trading as Direct Line considers that they're required by HM Revenue & Customs to deduct income tax from that interest, they should tell Miss O how much they've taken off. They should also give Miss O a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 10 July 2023.

Liam Hickey
Ombudsman