

The complaint

Mrs S complains that Casualty & General Insurance Company (Europe) Ltd (“Casualty & General”) has declined her claim for the costs of surgery for her pet dog. She wants Casualty & General to settle her claim in full.

What happened

Mrs S has owned a pet Labrador, M, for around 9 years.

She insured him with a company, P, in September 2019.

Casualty & General took over underwriting that policy from the renewal in September 2021.

In March 2021, M began exhibiting some signs of lameness in his front legs. His vet began investigating, and in July 2021 he was diagnosed with dysplasia of the elbows.

Between late 2021 and early 2022, M required treatment including an operation. His vet has subsequently confirmed that this was to treat right medial coronoid process, and spinal cord disease.

Mrs S submitted claims to Casualty & General for reimbursement of the vet costs.

Casualty & General requested M’s medical history, and then declined the claims. It argued that the treatment was linked to elbow dysplasia, and it considered that this was a pre-existing condition.

Casualty & General pointed to the policy wording and the schedule where it made clear that cover for pre-existing conditions was not included.

It said that, if it had known about M’s previous signs of lameness, it would have excluded any conditions related to right and left fore lameness from the date of policy renewal in September 2021.

Mrs S was not happy with this and contacted us. Our investigator looked into this matter and thought that the complaint should be upheld, on the basis that the vet had confirmed that the operation was due to spinal cord disease and not elbow dysplasia. Casualty & General did not accept the investigator’s view and so the matter was referred for an ombudsman decision.

I issued a first provisional decision in April 2023. In that provisional decision I set out that I agreed that the complaint should be upheld, but for different reasons. I explained that I did not consider that there had been any misrepresentation of M’s health and so it was not fair to decline the claims on the basis of undeclared pre-existing conditions. I explained that I thought that Casualty & General should settle the previously declined claims and pay Mrs S £250 compensation for her distress and inconvenience.

That provisional decision was shared with the parties, and they were invited to comment.

Mrs S accepted that decision and reasons. Casualty & General also accepted the decision.

Within the acceptance from the business, Casualty & General set out the deductions which it intended to make from the settlement. This included unpaid premiums for the remainder of the period, after Mrs S cancelled her policy following the decline of her latest claim.

This alerted me to the fact that Mrs S had cancelled her insurance policy early and, I believed would likely have incurred extra expenses in getting insurance elsewhere. I therefore issued a second provisional decision indicating that I considered any additional costs of insurance from which Mrs S incurred between May 2022 and September 2022 were a financial effect of the complaint issues.

That second decision has been shared with the parties and they have been invited 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.

Casualty & General has not raised any objections to the decision but requested details of any alternative insurance which Mrs S obtained for M.

Mrs S has responded, indicating that she did not obtain replacement insurance for M immediately as, due to her experience with Casualty & General, she became disillusioned with the idea of pet insurance. M was therefore not insured for the period May 2022 – September 2022 and this caused Mrs S additional worry.

Mrs S does not think that it is fair to allow Casualty & General to deduct the unpaid premium from the year 2021/22. She feels that it was due to Casualty & General's unfair decision that she lost confidence in pet insurance and that she lost the benefits of cover for the period May - September.

I understand her view, and I have sympathy for it. It is, however, reasonable for Casualty & General to deduct the unpaid premium from the claim settlement. This is an established principle of insurance and because the claim is now being met then Mrs S has benefitted from the period of insurance, for which the premium was due. I appreciate that this will be disappointing to Mrs S.

I also understand why she did not obtain alternative insurance immediately. She has explained that she spent considerable time researching alternative providers and that this caused her additional inconvenience. In addition, she would have been caused extra worry that M was without cover for that time, should he require any further treatment.

I therefore slightly amend my provisional award for distress and inconvenience as I am now aware of more impact upon Mrs S. I think £350 is a fairer reflection of the effects upon her.

Beyond that, I remain of the view expressed in my last provisional decision and I uphold Mrs S's complaint.

Putting things right

In order to put matters right, Casualty & General should settle Mrs S's claims for M, in line with the remaining policy terms. It should add to reimbursement interest at a rate of 8% per

annum.

As there were no alternative costs of insurance for M between May 2022 and September 2022, this is not a financial effect.

Casualty & General should also pay to Mrs S £350 compensation for her distress and inconvenience. I

My final decision

For the reasons given above, and in my provisional decisions, I uphold Mrs S's complaint and direct Casualty & General Insurance Company (Europe) Limited to:

- Settle Mrs S's claims in full:
- add interest to all sums reimbursed to her at a rate of 8% per annum from the date of expenditure up until settlement; and
- Pay to Mrs S £350 compensation for her distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 11 August 2023.

Laura Garvin-Smith
Ombudsman