

The complaint

Mr B complains about how HDI Global Specialty SE (HDI) has handled his claim on his pet insurance policy.

What happened

Mr B bought a pet insurance policy for his dog that was underwritten by HDI in May 2022.

In November 2022, Mr B's dog needed veterinary treatment for a dental cyst. Mr B made three claims on his pet insurance policy for his dog's treatment.

HDI paid the first two claims but, when Mr B made the third claim, HDI turned it down. When HDI did this, it also said it had paid Mr B's first two claims in error. HDI said this was because there was a term in Mr B's policy saying that, for the first 12 months of the policy, his dog wasn't covered for dental treatment that resulted from illness. HDI asked to be reimbursed just over £1,500 for the earlier claims.

When Mr B complained to HDI about what had happened, HDI apologised for making the process difficult for him but said it was correct to turn down the claims and ask for reimbursement.

Unhappy with this outcome, Mr B brought his complaint to us. The investigator who looked at it upheld it in part. He didn't think HDI should've paid the claims in the first place because of the policy exclusion and he said HDI was entitled to be reimbursed. But he also said HDI should've taken more care in validating the claims. He said this failure had caused Mr B loss of expectation as well as considerable distress and worry about how he was to return the large settlement. Our investigator recommended HDI pay Mr B £500 in compensation for this.

Mr B accepted our investigator's findings. HDI didn't. It didn't dispute that two of Mr B's claims were accepted and settled in error, and agreed compensation was due for this. But HDI said a more reasonable offer was £200. It asked us to put this offer to Mr B, which we did. Mr B turned the offer down and so his complaint has come to me to decide.

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've decided to uphold Mr B's complaint and award him £500 in compensation for the distress and inconvenience HDI has caused him.

Mr B's policy has a term saying that, after it has been "live" for a minimum of 12 months, HDI will cover dental treatment as a result of illness for any new conditions his dog is diagnosed with.

Mr B's dog's dental treatment was carried out within the first 12 months of the policy. So I think all three of Mr B's claims for this treatment were excluded from cover.

Mr B's policy also says if HDI makes an overpayment regarding a claim settlement, this will be requested back in full and/or deducted from any future claims. So I think HDI was entitled to ask for the overpayment to be paid back.

But I think HDI made a serious mistake in paying Mr B's first two claims when the policy didn't cover them. HDI has accepted its error and agrees compensation is due. HDI says Mr B *"made it very clear that regardless of whether the condition was covered by his policy or not, he would still be proceeding with treatment"*. HDI goes on to say:

"So, although there has been distress and inconvenience caused by Mr B having to repay the settlements to us, he would still have had to pay out these amounts had the claims have been declined correctly in the first instance."

On this basis, HDI says an award of £200 in compensation is more reasonable.

When Mr B first brought his complaint to us, he described how he'd been affected:

"Financially I have been affected due to having to pay for claims on my credit card for the 2nd and 3rd claims and now will have to pay [Mr B's own vet (with whom HDI had settled the first claim directly)] for the first claim that [HDI] are asking them for the money back they have paid them. If I knew from the start that this was going to happen and not be covered, my vets ..gave me another option that was cheaper ...".

I think it will have come as an unpleasant shock and been very disappointing for Mr B to find his claims for his vet fees – which were significant – weren't covered at all by his policy when HDI had already paid out on two of them. Even more so, because it seems the mistake only came to light when Mr B raised an unrelated query with HDI at the time he made his third claim. Mr B then had the trouble of finding around £1,500 to repay his vet, as well as paying the fees he'd paid for by credit card, which he'd expected HDI to cover. Also, from what Mr B has told us, it seems he may have chosen a different option had he known his dog's treatment wouldn't be covered by his policy.

Having looked at everything I've got, I think HDI's mistake caused Mr B considerable distress, upset and worry, along with significant inconvenience. I think this had a serious, if fairly short-term, impact on Mr B. So, in all the circumstances of this complaint, I think it's fair and reasonable for HDI to pay Mr B £500 in compensation for the distress and inconvenience it's caused him.

My final decision

For the reasons I've given, I uphold this complaint and direct HDI Global Specialty SE to pay Mr B £500 for the distress and inconvenience it has caused him.

HDI Global Specialty SE must pay this compensation within 28 days of the date we tell it Mr B accepts my final decision. If it doesn't, HDI Global Specialty SE must pay Mr B simple interest on the compensation at the rate of 8% a year from the date of my final decision to the date of payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 24 August 2023.

Jane Gallacher
Ombudsman