

The complaint

Mrs L complains about U K Insurance Limited ("Direct Line") for declining cover for her pet dog's health condition. She wants Direct Line to accept the claim and reimburse the vet fees she has had to pay.

What happened

Mrs L owned a pet springer spaniel ("A") from a puppy. Since 2012 she insured A with Direct Line. Her policy allowed cover for vets fees of up to £8000 per condition, with no time limit on each condition so long as the policy remained in place.

In 2018, when A was aged around 6, he was diagnosed with a condition called Immune Mediated Haemolytic Anaemia ("IMHA"). The recommended treatment for IMHA was steroid drug treatment.

Mrs L claimed for A's care and Direct Line accepted her claim. A's condition was managed well for a number of years. Direct Line continued to provide cover for the IMHA condition. In mid-2022, A became unwell, and Mrs L took him to the vet. The vet considered that A had developed Diabetes Mellitus and began treatment for this.

In the clinical notes, A's vet initially noted that they presumed that the diabetes was a consequence of A's long term steroid treatment.

The vet advised Mrs L that diabetes was a known complication of long-term steroid use and recommended that A be weaned off the maintenance dose of steroids. The vet considered that if the steroid use was a cause of the diabetes, then stopping the steroid would likely improve the diabetes and would make management of the diabetes easier.

A was weaned off the steroids and A's diabetes did not markedly change. Management of A's diabetes remained complex.

Mrs L claimed for A's diabetes care. Direct Line reviewed the claim and clinical notes and, relying on the vet's initial presumption that the diabetes was a secondary condition to the steroid use, attributed the diabetes care to the same claim as the IMHA. When the policy cover limit was reached, Direct Line then declined further claims.

Direct Line considers that the diabetes is related to the IMHA, and it should be part of the same claim.

Mrs L complained. She provided to Direct Line a letter from her vet who explained that they could not conclude what had caused the diabetes, and that diabetes is a multifactorial condition which could be caused by a range of causes, including genetic and environmental causes.

They set out that "we will never be able to know if A would have developed diabetes or not without [the steroid]".

Direct Line responded maintaining its decision to decline further claims. It pointed to the vet's initial presumption and that the vet considered the diabetes to be likely a consequence of the steroid use. It acknowledged some customer service failings and offered Mrs L £50 compensation to reflect these. Mrs L complained to us.

Our investigator looked into this matter and did not recommend that the complaint be upheld. They considered that Direct Line's decision was reasonable.

Mrs L did not accept that view and asked for an ombudsman decision.

I issued a provisional decision in respect of this matter in July 2023. In that provisional decision, I set out that I disagreed with Direct Line and that I did not consider it had been demonstrated that the diabetes was a secondary condition to the IMHA. I considered that the diabetes should have been treated as a distinct claim and that Mrs L's declined claims should be processed under a new claim.

That provisional decision has been shared with the parties and they have been invited to comment.

Mrs L has responded, accepting the provisional decision and informing me that A has sadly passed away since the complaint was made. She explained that A suffered further reoccurrence of the IMHA, and also suffered gastric bleeds. She advised that Direct Line declined all further claims as being secondary to the IMHA and steroid use, and that this caused her financial hardship, having to borrow from relatives to pay the vet bills.

Direct Line has also replied, not accepting my provisional decision. It said that it had considered the vet's notes, and later letter, and also had contacted the vet to discuss. Direct Line said that the vet had said they "couldn't say either way" whether the diabetes was secondary to the IMHA and steroid use. Based on that, and that it had not seen evidence of any other cause of the diabetes, Direct Line had considered that steroid use was the most likely cause of the diabetes and so 'applying the balance of probabilities' it thought it was fair to incorporate the diabetes treatment into the IMHA claim.

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.

Firstly, I would like to extend my sincere condolences to Mrs L and her family for their loss. It is abundantly clear from the communications on this matter how much they loved A, and how severely his loss will be felt.

I have considered all that Direct Line has said and I remain of the view that it has not been shown that the diabetes was a secondary or linked condition.

In my view, Direct Line has misapplied the test of the balance of probabilities and has concluded that because it has not seen another more compelling explanations for the diabetes that it is the most likely cause. I disagree and I am looking at whether the steroid use or IMHA was 'more likely than not' the cause of the diabetes. This requires a more than 50% likelihood that the steroid use was the main cause.

The vet has explained, and Direct Line has reiterated in parts of its submission, that there can be a range of factors involved in the development of diabetes. These include age, weight, diet and genetic predisposition. I accept that there has not been an explanation of which factors were the causes of the diabetes here, but I do not consider that there needs to

be.

In this case, Mrs L submitted a claim for the diabetes treatment, believing it to be a new and distinct condition. Based on the information it reviewed, it appeared to Direct Line that it was more likely than not that there was a link between the diabetes and the IMHA, based on the vet's early presumption. As I previously set out, this was not unreasonable at that time.

However, as the information has moved on, the vet has refined their view and ultimately concluded that they could not tell one way or the other, whether the steroid use caused the diabetes. I understand this to mean that, in their view, it was equally likely that it was not the cause of the diabetes, as that it was.

The vet set out what clinical responses they would expect to have seen if the steroid use was a cause, and they did not see those responses occur. There has not been detailed analysis of the other possible causes of the diabetes, beyond Direct Line's comments that they had not seen evidence that they were likely. This is evidence against steroid use being the cause.

It is not fair for Direct Line to limit its assessment to just which is the most likely of the possible causes. Direct Line ought to have gone on to consider whether any one factor was more than 50% likely the cause of the diabetes.

In my view it has not been demonstrated that the steroid use was more likely than not the cause of the diabetes, and so I do not think that it was fair to incorporate the treatment for diabetes into the first claim. It ought to have been treated as a new and distinct condition.

I therefore uphold Mrs L's complaint and direct Direct Line to put matters right.

Putting things right

In order to put matters right, Direct Line will need to review all claims made by Mrs L and separate them into the IMHA claim and a new claim for diabetes. By properly attributing the treatment to the two separate claims it may be that other rejected claims should now be settled.

Mrs L has explained that claims for gastric bleeds were rejected as part of the same condition. I would expect that Direct Line now consider whether those claims can succeed and set out an answer to Mrs L. For clarity, I have not seen evidence either way as to what may have caused the gastric bleeds, but if it was rejected as exceeding the limit of the IMHA claim this may now not apply.

If Mrs L feels that any further conditions have been wrongly characterised as part of the IMHA claim she will need to ask Direct Line to first address this and then she may complain to us if she remains unhappy.

I also consider that Mrs L has been caused substantial distress and inconvenience by Direct Line's decision in this case. She has advised that she suffered financial hardship and had to borrow money from family to continue paying the vets bills. This would have exacerbated the clear upset that A's health caused her and would have added an extra layer of stress onto an already very difficult time.

Taking into account the information supplied by Mrs L, I remain of the view that Direct Line should pay to her £250 compensation for the additional distress and inconvenience it has caused her through this time.

My final decision

For the reasons given above, and in my provisional decision, I uphold Mrs L's complaint and direct U K Insurance Limited to:

- Accept Mrs L's claim for A's diabetes;
- Review all claims made by Mrs L, and reimburse her for vet costs which ought to have been accepted;
- Add interest to the sums reimbursed to Mrs L at a rate of 8% per annum; and
- Pay to Mrs L £250 compensation for her distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 29 September 2023.

Laura Garvin-Smith
Ombudsman