

The complaint

Mr H complains that Red Sands Insurance Company (Europe) Limited turned down his pet insurance claim because it said he had already claimed up to the policy's annual limit for a single condition. Mr H says that he was claiming for a different condition.

What happened

Mr H's cat needed surgery to remove foreign bodies from his stomach. The surgery was successful and the cat was discharged home the next day. On Mr H's behalf the vet submitted a claim, which Red Sands paid up to the £2,000 condition limit.

Two days after the surgery the cat was re-admitted overnight because he was not eating or drinking. The vet recommended another laparoscopy to investigate a thickened area of the cat's abdomen. Unfortunately the vet had found the cat had had a serious allergic reaction in his fat and muscle to the suture material used during the first surgery. The cat was treated and again returned home. Mr H's vet submitted a second insurance claim.

Red Sands turned down the second claim, which it said was related to the first claim for the foreign body being a complication of the foreign body surgery. Its policy defined condition as *"any injury or illness with a single cause or diagnosis."* Red Sands said the single underlying cause of the claim remained the foreign body itself. So the claim had been correctly processed under a single condition limit.

Mr H disagreed and said the cause of the first claim was a foreign body and the cause of the second claim was an allergic reaction. So he came to us.

Our Investigator upheld the complaint. In his view, the cause and diagnosis of the first treatment had been a foreign body and the cause and diagnosis of the second treatment was an allergic reaction following a procedure. He thought it was fair for Red Sands to pay the second claim, subject to the excess and remaining policy terms and conditions together with interest.

Red Sands did not agree. It maintained the two claims were related to one condition and quoted its policy wording (set out below). The clinical history confirmed the stitches were required to close the area after foreign body removal surgery. Had the cat not required the surgery, he would not have needed stitches. So it was not a new condition but a complication from foreign body removal surgery.

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.

I uphold this complaint. I will explain my reasons.

Mr H's policy provides cover of up to £2,000 per condition, per policy year. The second claim was made in the same policy year as the first.

The policy says:

“You can claim up to a set amount for vet fees per policy year for each condition your pet might have. ...You can claim for as many conditions as you need to each policy year, as long as you stay within your limit. The cover limit for vet fees resets when you renew, and we’ll cover your pet’s conditions for as long as you have a policy with us.”

When we say ‘condition’, we mean any injury or illness with a single cause or diagnosis. For example, if your pet has an accident, we’ll class any injuries they suffer as one condition – even if they’re in different parts of the body. Likewise, if your pet has symptoms of a condition that later appears in a different side of the body, we’ll class it as one condition.”

For the first claim, the cause of the cat’s “condition” was the foreign body in his stomach, which required surgery.

Red Sands’ position is that the sutures to which the cat had a severe allergic reaction were used during the surgery for the first condition of the foreign body surgery. As such, Red Sands argues that the allergic reaction was a complication of the surgery.

I see the point that Red Sands is making. But in the specific circumstances of this complaint and having considered the policy wording I think the fair and reasonable outcome is for Red Sands to pay the second claim for the allergic reaction.

The cause of the first condition and claim was a foreign body in the cat’s stomach. The surgery was completed successfully and the cat discharged home. I think it’s fair to say here that the cause of the second condition and claim was a severe allergic reaction to the sutures used during a surgical procedure. The veterinary evidence is that the allergic reaction was caused by the sutures used in the surgery and not by the foreign body in the cat’s stomach.

Red Sands says that the allergic reaction was a complication of the first surgery to remove the foreign body. But Red Sands has not referred me to any policy wording excluding a complication of surgery for a condition covered under the policy.

It follows that I think Red Sands should fairly pay Mr H’s second claim for the cat’s allergic reaction, subject to the policy excess, the condition limit of £2,000 and the remaining policy terms and conditions. Red Sands should add interest to the settlement as set out below.

Putting things right

I require Red Sands Insurance Company (Europe) Limited to pay Mr H’s claim for his cat’s allergic reaction, subject to the applicable policy excess, the condition limit of £2,000 and the remaining policy terms and condition. It must add interest* to the settlement at the simple rate of 8% per year from the date of claim to the date of settlement.

*If Red Sands considers that it’s required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr H how much it’s taken off. It should also give Mr H a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My final decision is that I uphold this complaint. I require Red Sands Insurance Company (Europe) Limited to take the steps set out in the “Putting things right” section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 8 December 2023.

Amanda Maycock
Ombudsman