

## **The complaint**

Ms Y complains about the amount the Equine and Livestock Insurance Company Limited ("ELICO") trading as the Insurance Emporium paid when she made a claim on her horse insurance policy.

## **What happened**

Ms Y bought a horse for £9,000. She obtained a certificate of examination for insurance purposes from her vet, who noted the horse as having "weak hind limb conformation". She took out insurance with ELICO, which includes cover for loss of use.

Ms Y consulted her vet after she noticed signs of possible lameness. Her horse was referred to a diagnostic centre. The centre concluded that her horse had a marked forelimb lameness that predominantly affected the left forelimb. The recommendation was for a period of prolonged rest with a reassessment every three months to see if there was any improvement.

Sadly, her horse's condition didn't improve and Ms Y later made the decision to euthanise him. She made a claim on her policy for loss of use.

ELICO instructed a specialist loss adjuster to review the claim and provide a valuation. The loss adjuster initially gave a pre-loss value of £4,000 but this was later increased to £4,250. The valuation was based on the loss adjuster's assessment of her horse's condition.

ELICO paid this amount but Ms Y didn't accept it was a fair value. She obtained her own valuation which highlighted the rarity of the breed and provided an estimate of these horses within the UK to range in value from £8,500 up to £15,000.

ELICO didn't change its position and so Ms Y referred her complaint to this service.

Our investigator's initial view was that £4,250 was reasonable. But Ms Y provided further evidence and after considering that and seeking further comments from ELICO, the investigator concluded that a fair value would be £6,750. He asked ELICO to settle the claim on this basis, with 8% interest added to the payment from the date of the original settlement offer.

ELICO disagreed and provided further comments but the investigator didn't change their view, so the complaint has been passed to me to determine.

## **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.

The relevant industry rules and guidance say insurers must deal with claims promptly and fairly; provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress; and not unreasonably reject a claim. They should settle claims promptly once settlement terms are agreed.

The policy provides cover for loss of use (permanent incapacity). If the horse is unable to perform any equestrian activity a payment will be made for 100% of the sum insured, or the market value (if less) if destroyed.

Ms Y's horse was insured for £9,000 and Ms Y said that amount should be paid, but ELICO says its market value was £4,250 and so has paid this. So I need to decide if the amount ELICO paid is fair.

As a starting point, it would be reasonable for ELICO to rely on the advice it obtained. That advice was based on the horse's condition and issues including concerns about weak hind-limb conformation. I can see why the loss adjuster's concerns might lead to the view that the value was less than £9,000.

However, it isn't clear how they came to the view that £4,250 was the correct value. And Ms Y provided contrary opinions from other experts. So I've considered whether that evidence is enough to conclude that it wasn't fair for ELICO to maintain that the value was £4,250.

Some of the points from the experts are about the breed in general rather than this particular horse. I'd place less weight on those – the key point being what Ms Y's horse was worth at the time – though they do show that it would be difficult to find a horse like this for less than £9,000.

There is some onus on ELICO to show the amount it paid is fair. It was asked to evidence how it arrived at the figure of £4,250. Further comments were provided from the loss adjuster. I appreciate valuing a horse is not an exact science. But, while the comments say there's no justification for an increased offer, they don't explain why £4,250 is the right sum and it's not clear how that figure was reached.

As I've said, the evidence shows Ms Y's horse's condition was, on balance, likely to have reduced its value below £9,000. But I'm not satisfied ELICO has shown that it was reduced by more than 50% or why £4,250 is a fair amount.

Weighing up all of this, I think £6,700 is a fair amount; it reflects the fact that the horse was likely worth less than £9,000 while the evidence for a value as low as £4,250 is not persuasive.

ELICO has paid Ms Y £4,250, so there is a balance of £2,450 to be paid.

### **My final decision**

I uphold the complaint and direct the Equine and Livestock Insurance Company Limited trading as the Insurance Emporium to pay £2,450 together with simple interest at 8% per year from the date the original settlement offer was made until the date of payment.\*

If The Equine and Livestock Insurance Company Limited trading as The Insurance Emporium considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Ms Y how much it's taken off. It should also give Ms Y a tax deduction certificate if she asks/ask 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 Ms Y to accept or reject my decision before 20 December 2023.

Peter Whiteley  
**Ombudsman**