

The complaint

Miss S complains that Red Sands Insurance Company (Europe) have declined her claim for treatment provided to her horse T because she had missed a premium payment and her policy had been cancelled.

What happened

In September 2022 Miss S took out policies for her two horses T and G with Red Sands. She received the documents and separate direct debits were set up for both policies.

On 2 April 2023 T was treated by the vet for colic and was hospitalised for three days. The cost of the treatment was £2637.22.

On 3 April Miss S contacted Red Sands to advise that T was being treated and to make a claim. She was advised to download forms from the portal and send them in. On 24 April she contacted them again to start the claim and was told by the call handler that the policy had been cancelled on 15 March 2023 as no premiums had been paid since 19 January. They therefore declined her claim.

Miss S complained. She said that she was not contacted by Red Sands about the direct debit not being paid so she had no knowledge of the policy being cancelled. She also said that if Red Sands had told her about the cancellation on 3 April when she first made contact with them, she would have been within the 28 days to reinstate the policy.

Red Sands didn't uphold Miss S's complaint so she brought her complaint to us.

One of our investigators looked into the complaint. He thought that Red Sands had acted fairly in cancelling the policy and declining the claim.

Miss S didn't agree, and so the case came to me to review.

I issued a provisional decision on the complaint. My provisional findings were as follows:

In deciding this case I have to look at whether Red Sands have applied the terms and conditions of their policy correctly in terms of the cancellation, and whether they have acted fairly and reasonably in declining the claim and the service they have provided.

Having thought about this, I'm minded to partially uphold Miss S's complaint and I will explain why.

I have seen all the policy documents, correspondence between Red Sands and Miss S.

The cancellation

Red Sands say that in December and January the initial request to pay the direct debit failed, but both were collected on a second attempt 5 days later. On 19 February the direct debit failed again, and so they wrote to her on 21 February about this advising that they

would try again. On 28 February they tried to take the payment again but it was unsuccessful a second time and so on 1 March they wrote again advising that the policy would be cancelled if Miss S didn't make contact in 10 days, and on 15 March they wrote a final time advising that the policy would be cancelled.

"When we might cancel your policy

We may cancel your policy if you don't keep up with your payments, but we'll always write to you first. If we don't hear from you, we'll cancel the policy one month from the date we last received a payment. We may be able to reinstate the policy if you pay within 28 days."
Miss S says that she was unaware of the cancellation as she didn't receive any of the cancellation letters relating to T and didn't know about the cancellation until 3 April when she rang Red Sands.

Red Sands have provided me with copies of all the letters that were sent to Miss S, and proof of them being sent by e email. I appreciate that Miss S may not have received them – for example of they went to her junk mail folder – but I am satisfied that Red Sands made sufficient attempts to contact Miss S using her correct e mail address to which the policy documents had been sent, to let her know that her payments had failed and her policy was being cancelled. Miss S should also have been aware from her own banking information that the direct debit had failed. So I think the cancellation of the policy was done properly and fairly.

I've then thought about whether there was a missed opportunity for the policy to be reinstated when Miss S rang on 3 April.

Miss S wasn't told that the policy had been cancelled when she rang to make a claim. Red sands have accepted that. However, they say it wouldn't make any difference as Miss S was outside the 28 day time for the policy to be reinstated.

Miss S says that the policy wasn't cancelled until 15 March and so she would have been able to reinstate it within 28 days if she had been told of the cancellation in the call on 3 April.

I've looked at the terms of the policy above and I can see that the policy says that the cancellation date will be one month from the date of the last payment. Last payment was 19 January and so the policy cancellation date would have been 19 February 2023 in line with the terms – even though it wasn't effected until 15 March. That means the time limit for reinstatement would have expired on 19 March, so when Miss S rang on 3 April reinstatement wasn't possible.

The service provided

Whilst I am satisfied that even if correct advice had been given on 3 April, it wouldn't have made any difference in terms of the policy, I do think that being given incorrect information has had an impact on Miss S.

Being told that she could make a claim meant that she had an expectation that some of her costs would be met. I appreciate that no claim had been determined, but thinking she still had insurance meant that she made choices about the care for T and also the way she paid for it that she may not have made if she had known she had no cover.

Miss S has explained to me that at the time she was experiencing financial and personal difficulties which have been further impacted by having to meet the cost of T's care which she paid for on a credit card, and that she now cannot meet those payments. She says that

she would not have authorised the three-day stay in the equine hospital if she had known and may have had T put to sleep. Subsequently finding out 3 weeks later that she had no cover when she had already paid the bill for the care has therefore caused her some distress and inconvenience, and I am minded to make an award to compensate for that.

I understand that this won't cover the costs of the care that T has received, and I am sympathetic to the difficulties that Miss S finds herself in, but I can't compensate her for the cancellation in these circumstances, only for the poor service.

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.

Both Miss S and Red Sands have accepted my provisional decision, and so I'm making my final decision in line with my provisional findings.

Putting things right

In order to put things right Red Sands should pay Miss S £250.

My final decision

My final decision is that I'm upholding Miss S's complaint and direct Red Sands Insurance Company (Europe) to put things right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 7 December 2023.

Joanne Ward
Ombudsman