

The complaint

Mr B complains about how QIC Europe Limited (QIC) calculated the settlement amount for two claims under his pet insurance policy for treatment of his dog.

References to QIC include their agents who administer the policy.

What happened

Mr B had a pet insurance policy with QIC, covering his dog. In July 2023 the dog became ill, and Mr B took it to a vet (SH). SH referred the dog to a specialist vet (SO). Sadly the dog had to be euthanised. Mr B paid SH £164.63 for a consultation and a £1,500 deposit to SO.

Mr B contacted QIC to tell them about the loss of his dog and make a claim. As the dog has passed away, QIC said the policy would need to be cancelled. While the policy would be cancelled, QIC said they would need to process any claims, including the deduction of the policy excess and co-payment proportion. As Mr B was paying the policy premium monthly, QIC said the balance of premium for the full year would also become due and they would seek to deduct this from the amount of the claim (if possible). QIC told Mr B he would need to complete a claim form, one for each vet, the vet to complete part of the form and send it to QIC along with the dog's clinical history and invoice for the cost of treatment.

Mr B completed a claim form for the £164.63 paid to SH, who charged £20 for completing their part of the form. QIC said they would aim to assess the claim within ten days, providing the form had been completed in full and all supporting documentation was provided. The claim would be assessed in line with the policy terms and conditions, and should any further information be required, they would contact Mr B and/or the vet. Mr B was subsequently invoiced for £1,267.26 by SO at the beginning of August. QIC responded later in August to ask that a claim from SO be submitted to them. Mr B was unhappy at the time QIC took to respond to him, saying he'd already provided details of the amounts charged by SH and SO.

Given Mr B's unhappiness, QIC raised a complaint. They said they'd only received the claim from SH and would aim to process the claim as a priority. A few days later QIC responded to Mr B to say the claim for the costs charged by SH wouldn't be settled, as they had applied deductions to the claim for: outstanding policy premium (£32.73); policy excess (£125); co-payment (£7.93 – being 20% of net veterinary fees of £39.63, which was the £164.63 less the policy excess of £125). In total, the deductions exceeded the amount claimed, so no payment was due. Mr B was unhappy at the claim not being paid, referring to the amounts he'd separately paid SO (the £1,500 deposit and the £1,267.28 he'd been invoiced).

QIC then issued a final response to Mr B's complaint. QIC acknowledged the claim in respect of SH costs had been submitted towards the end of July, but due to a high influx of claims they'd received there was a delay assessing the claim, so they didn't meet the target of ten days. QIC apologised for the delay and awarded £50 in compensation.

In respect of the costs from SO, QIC said that while they required a completed claim, form, itemised invoice and clinical history, they'd loaded the itemised invoice from SO onto their claims system. But they required SO's clinical history to support the treatment they'd

provided to Mr B's dog, in order to assess the claim. Mr B asked SO to complete their part of the claim form, who noted separate claim forms were required from them and SH.

QIC then contacted Mr B to say the claim for the cost of SO's treatment (£2,767.26) had been assessed and settled for £1,983.67 – a difference of £783.59. Mr H challenged the calculation of the settlement, saying he had personally paid a total of £1,664.63 – the £1,500 deposit to SO and the £164.63 to SH. Deducting the outstanding premium of £230 and 20% co-payment (£586.37) meant he was owed £848.26 from QIC. QIC said they'd assessed the claims correctly, as two separate claims from the two vets. QIC said they'd paid the £1,983.67 to SO, as this was requested on the claim form.

QIC also clarified their calculation of the £1,983.67 settlement to SO. Of the claim total of £2,767.26 they'd deducted a co-payment contribution of £553.45 (20%) and the outstanding premium balance of £230.14. QIC acknowledged they'd included the £1,500 deposit paid by Mr B to SO in their calculation of the settlement made to SO. Applying to co-payment and outstanding premium amounts to the £1,500 deposit meant Mr B was due £716.41 back from SO. As payment had already been made to SO, QIC couldn't recover any of it from SO, but QIC said SO would check the amounts and contact Mr B. SO subsequently returned £665.41 to Mr B. Mr B calculated this meant he was owed £215.63 (£848.26 less £665.41).

Mr B then complained to this Service. He said the calculation of the final payment under his claim was incorrect, but QIC wouldn't accept this was the case. He thought the claim had been handled badly from start to finish, making a difficult time for him and his family worse. Initially, there was a long delay with the claim, for which QIC paid him £50 compensation (which he accepted).

His claim was relatively straightforward, but QIC had made simple calculation errors, leaving him several hundred pounds out of pocket. They'd also seemed to treat the two vet bills as two separate claims and he'd had to settle the vet bills by credit card, at the expense of other financial commitments. And QIC had paid the vat rather than him. . He wanted QIC to pay what he thought was the correct amount to settle the claim. He also wanted compensation for the time it had taken him to deal with the situation and the anguish he'd suffered.

Our investigator didn't uphold the complaint. On the claim from SH (£164.63) application of the outstanding balance of premium (being one of eight monthly premiums of £32.73) together with the policy excess of £125 and 20% co-payment meant the claim wouldn't be paid. On the claim for SO costs, deduction of the balance of outstanding premiums (£230.14) and 20% co-payment (£553.45) meant a settlement of £1,983.67. Deduction of the two sums from the amount Mr B had paid (the £1,500 deposit) meant he was due £716.41. As QIC paid the full settlement amount to SO, they needed to reimburse Mr B the £716.41. But they'd only refunded £665.41 – so Mr B was due a further £51.00 from SO. As QIC had made a settlement in line with the policy terms and conditions, the investigator said they hadn't done anything wrong.

Mr B disagreed with the investigator's conclusions and requested an ombudsman review the complaint. He said QIC had made several mistakes and taken too long to assess his claims. He didn't think they'd complied with the consumer duty requirements and principles. He also disagreed with the investigator's recalculations of the settlement of his claims.

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'd first want to say I appreciate the difficult circumstances of Mr B losing his dog, which I know would have been distressing for him. My role here is to decide whether QIC have acted fairly towards Mr B.

The key issues in Mr B's complaint are, firstly, whether QIC acted fairly in calculating the settlement of his claims. Mr B calculates he is significantly out of pocket and disputes QIC's calculations of the amounts due under the claims. Secondly, Mr B is also unhappy at how long it took to assess and settle the claims.

On the first issue, I've considered each claim in turn. The first claim was in respect of the costs of treatment incurred by SH. The calculation of the settlement is as follows:

Cost of treatment	£164.63
Less: policy excess	<u>£125.00</u>
Net cost of treatment	£ 39.63
Less: Co-payment (20% of £39.63)	£ 7.93
Less: One month outstanding premium	<u>£ 32.73</u>
Total payable	<u>-£ 1.03</u>

I've checked the policy schedule and it sets out the policy excess (per condition, per year) as £125 and the co-payment proportion to be deducted is 20%. The policy also provides for the co-payment deduction to be applied *after* the deduction of the policy excess from the vet fees, which is what QIC have done. QIC were also entitled to deduct the outstanding balance of premium due for the year from any claims outstanding at the time the policy was cancelled (on the passing of Mr B's dog).

Taking all these points into account, I've concluded QIC acted in line with the policy terms and conditions in calculating no settlement was due in respect of the first claim.

I've then looked at the second claim. This is more complicated because it was assessed on the basis of the gross cost of treatment of £2,767.26 submitted by SO. That is, it didn't take account of the fact Mr B had paid a £1,500 deposit towards the cost of treatment. This affects the split of the settlement between that due to SO and to Mr B. But for the purposes of assessing the settlement, I've recalculated the amount due based on the gross cost of treatment, before considering the split of the settlement between SO and Mr B.

The calculation of the settlement is as follows:

Cost of treatment	£2,767.26
Less: Co-payment (20% of £2,767.26)	£ 553.45
Less: balance of outstanding premium	<u>£ 230.14</u>
Total payable	<u>£1,983.67</u>

In line with the policy terms and conditions, as the policy excess (per condition, per year) had already been applied to the first claim, no excess was applied to the second claim. And as the policy limit for any one condition, in any one year was £4,250 then the two claims in total were within the policy limit.

Based on this recalculation, I've concluded QIC acted fairly in applying the policy terms in calculating the settlement amount of the second claim.

Turning to the split of the amounts due to Mr B and SO, then the first point to note is that because QIC correctly calculated that no payment was due in respect of the first claim, then Mr B would have had to incur the cost of treatment (and any cost of completing the claim form, which the policy wouldn't cover).

So, the question is then what he should receive in respect of the second claim. He paid the £1,500 deposit out of the claim total of £2,767.26. But both the co-payment deduction and the outstanding balance of premium would be due from him, as they wouldn't from part of the settlement of the claim under the terms and conditions of the policy. Put another way, had Mr S not paid the deposit, the settlement to the vet would still have been £1,983.67. And Mr B would still have had to settle the difference, being the £553.45 and the £230.14. Deducting these two amounts from the £1,500 deposit means Mr B would be due £716.41 – not the £848.26 he says he was due.

As I understand SO returned £665.41 to Mr B, then a further £51.00 would be due to Mr B. As QIC have already paid SO, Mr B should approach them for the additional £51.00.

Taking all these points into account, I've concluded QIC have acted fairly in line with the policy terms and conditions when calculating the settlement figure for the second claim. While they settled the claim directly with SO, rather than taking account of the £1,500 paid by Mr B, subject to SO returning the additional £51.00 to Mr B, then I don't think he's lost out financially through the assessment and settlement of the second claim.

So, I've concluded QIC acted fairly in their assessment of the two claims, in line with the policy terms and conditions.

Having reached this conclusion, I've considered the second issue, the time taken to assess the claims and settle them. QIC acknowledge this took longer than the ten days target initially communicated to Mr B. Part of the reason for the delay was the time to get the required information in respect of the second claim, including completion of the claim form (by SO) and the supporting information. While Mr B told QIC about the amounts he'd paid to SO, and were due, QIC did set out at the outset the process for making a claim and its completion by him and the vet together with the supporting information. And that two separate claims would be needed.

But QIC have acknowledged delays in assessing the initial claim, meaning it wasn't processed within ten days. While this would have been inconvenient for Mr B, it wouldn't have changed the outcome, which was that no payment was due. Similarly, while it took longer to assess the second claim, it wouldn't have changed the outcome. Taking the acknowledged delays, I think QIC' offer of £50 compensation is fair and reasonable in the circumstances of the case, so I won't be asking them to make any further award.

My final decision

For the reasons set out above, my final decision is that I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 15 April 2024.

Paul King
Ombudsman