

## **The complaint**

Mr H has complained that HDI Global Specialty SE (HDI) failed to pay out the full amount claimed when he made a claim on his pet insurance policy.

References to HDI include its agents and claims administrators.

## **What happened**

The background to Mr H's complaint can best be expressed chronologically.

Mr H first insured his dog, who I'll refer to as "L", with HDI on 31 May 2022. At that time he selected a policy which provided cover of up to £6,000 a year for veterinary treatment. Mr H renewed this policy with the same level of cover on 31 May 2023.

In June 2023, L started to show signs of a mobility condition. She was taken to the vet on 29 June and the vet's view was that intervertebral disc disease was the most likely cause. A follow up appointment on 29 July 2023 recorded L as being non-ambulatory on her hind legs and in pain. She was referred to a second veterinary practice with neurological expertise for further treatment.

On 31 July 2023 Mr H phoned HDI to enquire whether he could increase the level of L's cover mid-term from its present cover of £6,000 to a higher amount. He was told he could increase his cover in increments of £1,000 and that from £11,000 he would have the benefits of a higher category of cover.

Mr H asked to increase L's cover to £11,000. HDI's agent informed Mr H, in accordance with a script, that any ongoing conditions he might claim for may be affected by changing his policy mid-year, as cover for these conditions will only receive the previous veterinary fee cover limit or the new cover veterinary fee cover limit (whichever is the lower). At another point in the conversation, the agent also informed Mr H that conditions that start under his current policy will still be covered, but at the lower limit. The higher limit would apply to other claims. He was also told that his policy would continue to renew from 31 May.

During the call, Mr H specifically asked for confirmation that cover would be effective from the date of the call. The agent told him that there would be no 14-day waiting period as exists with new policies as his policy was already in place. The agent told him that he would receive his policy documents by email shortly which Mr H said was fine. He was advised to look in his junk mail if he hadn't received them. Mr H said that everything was "all super clear".

On 12 August 2023, Mr H submitted a claim to HDI online for the cost of L's treatment. HDI said it would only pay up to the limit of £6,000 which applied to his policy before it was upgraded to cover of £11,000.

Mr H didn't agree with this. He argues that the policy schedule for his new £11,000 policy gives a commencement date of 31 May 2023, so the higher limit is therefore effectively back dated to 31 May 2023. As it is stated to provide cover for all new accidents and illnesses, i.e. those manifesting themselves after 31 May 2023, his claim is therefore subject to the new

higher limit and not the previous £6,000 limit. He also complained about delay by HDI in settling his claim.

In its final response to Mr H, HDI explained that his claim was settled for his policy limit of £6,000.00 and was assessed in line with the terms and conditions of his policy based on the information provided by his vets. The delay in settling his claim was attributable to the need for additional information from the vets (confirmation of the cost of L's MRI scan) and there was a delay in the receipt of this. The amount of the claim also required approval from the underwriters. Mr H's claim was paid on the same day that underwriter approval was obtained. HDI accepted that Mr H's claim wasn't dealt with in line with its usual high standards, for which it apologised and paid Mr H £50.

Mr H wasn't satisfied with HDI's response to his complaint and brought it to this service. He says that the unreasonable actions of HDI have caused him significant financial hardship, emotional distress and anxiety, and significantly impacted his well-being and his ability to care for L. Due to the delay in HDI's settlement of his claim, access to potentially lifesaving or life-improving treatment for L was delayed and he was forced to enter into a payment plan with the vet, incurring additional financial strain. He also complains that interactions with HDI had been evasive and unhelpful and in breach of FCA rules regarding fair treatment of customers and adherence to complaints procedures.

Mr H wants HDI to pay the full claim amount up to the limit of £11,000 as stipulated in the policy and a clear and accurate explanation for any deviations from the policy wording used to justify the reduced pay-out. He also wants a formal apology from HDI for the inconvenience and distress caused by its actions, and for it to implement measures to ensure adherence to FCA regulations and its own complaints procedures in the future.

Our investigator considered Mr H's policy wording and also listened to the phone call between Mr H and HDI on 31 July 2023. She was satisfied that Mr H had been made aware that in cases where cover is increased, the additional higher benefit limits will not apply to any condition that showed signs or symptoms or received treatment before the change in cover. The new higher level of cover would only be applicable for new conditions and L's condition wasn't new. He was told that full details could be found in his policy wording. Mr H didn't mention he was looking to claim for a previous condition. She considered that the £50 paid by HDI was fair and reasonable as HDI had settled the claim within four weeks.

Mr H doesn't accept our investigator's view and has asked that his complaint be referred to an ombudsman. It's therefore been passed to me to make a final decision from this 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.

Having done so, I'm not upholding Mr H's complaint and I'll explain why not.

From the timeline that I've mentioned above, I consider it clear that when Mr H contacted HDI on 31 July 2023, it was with the knowledge that L had developed a condition that would require costly veterinary treatment. He therefore wanted to raise the maximum claim limit provided by his existing policy which, following its renewal on 31 May 2023, remained at £6,000.

I've also listened to the phone call that Mr H had with HDI and am satisfied that he was informed that cover for ongoing conditions would be subject to the previous lower limit and only new conditions would be subject to the higher limit.

Mr H's policy also makes this clear – both the policy document issued to him when he took out the policy on 31 May 2022 and also the policy document issued when he transferred to the policy with the higher limit on 31 July 2023. These policies differed in a few respects. The policy document issued in 2022 (Policy revision 02.22v3) states that upgrades are only permitted at renewal and not mid-term, whereas the policy document issued in 2023 (Policy revision 02.23v10.0) states that upgrades are possible at any time. However both versions include the following (my emphasis underlined):

***“Upgrades or downgrades in cover level***

***If you transfer your pet to a policy with additional or higher benefit limits, the additional or higher benefit limits will not apply to any condition that showed signs/symptoms or received treatment for before you changed your pet's cover.***

***In cases where the cover is increased, any illness or injury in existence prior to the change in cover level, will be covered under the lower policy terms applicable when the condition first started but will still count towards the new veterinary fee limit and not be classed as a separate policy limit. Only conditions that show their first clinical signs/symptoms will be covered under the increased policy limits.”***

Mr H argues however that because the policy schedule issued by HDI after he'd increased his level of cover gives a commencement date of 31 May 2023, his higher level of cover is backdated to that date, implying full £11,000 coverage from that date. As L's condition didn't manifest itself until after that date, the higher limit applies to it.

I don't accept that argument. In my view, the commencement date of 31 May 2023 in the schedule for the new £11,000 policy confirmed the continuation of the existing £6,000 policy until the uplift of cover to £11,000 on 31 July. In his phone call on 31 July 2023, Mr H expressly asked HDI's agent to confirm that his increased cover was effective from the date of the call. He didn't mention that L had been receiving treatment that he might wish to claim for, nor did he ask if the increased cover would be backdated to 31 May. Yet he says he had the “undeniable expectation” that he was covered at the increased level from 31 May 2023 as this was the commencement date stated in the policy schedule that he subsequently received along with a link to his new policy document.

As Mr H's previous policy expired on 31 May 2023, had the new schedule shown the commencement date of 31 July 2023, there would arguably be a break in cover between 31 May and 31 July. As such, there would be a loss of any policy cover for conditions pre-existing as at 31 July 2023 and for any conditions arising within the following 14 days, which would have been to Mr H's detriment. Continuation of the existing policy from 31 May 2023 was in Mr H's best interests and this is what occurred. The new policy wording allowing changes to cover levels mid-term permitted him to achieve his wish for higher cover without having to wait until 31 May 2024. It is therefore an example of supporting a customer's needs as required by the FCA.

In my view, it is unreasonable for Mr H to expect higher cover to be backdated so as to cover him at the higher level for a condition that he knew L had before arranging the higher level of cover, but which HDI wasn't aware of. That is unfair to an insurer. HDI was acting reasonably in including a term – which appeared in both editions of his policy – that prevented a customer from making a claim at a higher level for any condition that pre-existed at the date of the increase to the higher level of cover. I don't consider such a term to be unclear, unfair, or misleading.

I consider that HDI made it clear to Mr H both verbally and in his policy document that any increase in the level of cover would not apply to conditions present before any such increase and would only apply to conditions arising after the increase. I don't accept that the date on the policy schedule creates any reasonable expectation that it overrides the clear terms of the policy and what Mr H was told verbally. In my view it simply reflects a continuation of the existing policy from 31 May with an uplift taking effect from 31 July, as permitted by the new version of the policy.

My conclusion is that I don't consider that Mr H has been misled or treated unfairly by HDI. Nor do I consider that the length of time it took to settle Mr H's claim was unreasonably long in circumstances where HDI had to ask for further information from the vet and to await the return of that information, and then to obtain underwriter approval given the amount of the claim. I consider that the sum of £50 which HDI has already paid him is fair and reasonable in the circumstances and in line with what this service might award.

### **My final decision**

For the reasons I've given above, I'm not upholding Mr H's complaint and I'm not going to ask HDI Global Specialty SE to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 20 August 2024.

Nigel Bremner  
**Ombudsman**