

The complaint

Mr B is unhappy that Lemonade Insurance N.V. (Lemonade) declined his accidental damage claim.

What happened

I've set out a summary of what I think are the key events.

Mr B bought insurance to cover accidental damage to his contents. The policy was in his name only and underwritten by Lemonade.

The day after the policy commenced, Mr B made a claim for accidental damage to his television (TV). He reported to Lemonade that a visitor's dog had bumped into his child, who then fell into the TV causing it to crack. Lemonade declined his claim within a day, relying on the policy exclusion for damage caused by pets.

Mr B was unhappy with the decision because he didn't agree that the dog was the cause of the damage. Lemonade explained that the child wouldn't have fallen into the TV if the dog hadn't bumped them, so the dog was the proximate cause. It issued a final response to Mr B's complaint maintaining its decision to decline his claim for the reason it gave. Unhappy with Lemonade's response, Mr B brought his complaint to us.

One of our investigator's looked into Mr B's complaint, but he didn't think it was one we should uphold. He thought that Lemonade had relied on the policy wording fairly in the circumstances.

Mr B didn't agree with our investigator's view.

I issued a provisional decision in July 2024 explaining that I was intending to uphold Mr B's complaint. Here's what I said:

provisional findings

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably.

Lemonade declined Mr B's claim within a day, so I'm satisfied it acted promptly. I've gone on to consider whether it declined the claim fairly in the circumstances.

The policy sets out the detail of the contract between Mr B and Lemonade, and Lemonade relied on the following wording to decline the claim:

Damage caused by pets (like chewing or scratching), insects, vermin or any other animals is not covered.

Looking at the policy wording, I'm satisfied that if Mr B's pet or other animal caused the damage there'd be no cover under the policy. So, I've looked at the details of the claim to

decide whether Lemonade relied on this exclusion fairly in the circumstances. I don't think it did.

Before reaching a decision, I asked Lemonade whether it would reconsider its position. It replied to say that it still thought the exclusion applied. Lemonade provided further examples to explain how it applied the exclusion, and confirmed its view that the dog would have needed to be passive for cover to be available under the policy. That is, if the child had tripped over the dog while it was simply lying on the floor, the exclusion might not have applied.

I understand Lemonade's point that if the dog hadn't bumped the child, the damage wouldn't have happened. But I can't agree that the damage was caused directly by the dog. If the dog had jumped at the TV, then I think this exclusion would likely apply. However, it was the action of the child falling into the TV that caused the damage.

Lemonade said the examples of chewing or scratching weren't intended to be exhaustive. I accept that. But I think the examples suggest that the type of damage excluded would be something the pet does which would unlikely happen if there wasn't a pet in the house. Lemonade hasn't persuaded me that the child falling into the TV meets this type of damage.

So, for the reasons I've given here, I don't think Lemonade fairly relied on the pet exclusion to decline Mr B's claim for accidental damage. To put matters right, I'm minded to require Lemonade to reconsider Mr B's claim without relying on the pet exclusion.

To be clear, that doesn't mean Lemonade must accept or pay Mr B's claim. It means Lemonade can reconsider the claim under the remaining terms and conditions of the policy, and that may include it asking for reasonable, additional evidence in line with the policy.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Responses

- Lemonade said it didn't have anything further to add to its evidence.
- Mr B didn't respond.

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.

As neither party provided any further submissions or comment, my findings remain the same and for the same reasons.

To be clear, I've decided to uphold Mr B's complaint because I don't find that Lemonade fairly or reasonably relied on the pet damage exclusion to decline the claim.

My final decision

For the reasons I've explained above, and in my provisional decision, my final decision is that I uphold Mr B's complaint and Lemonade Insurance N.V. must:

- reconsider the claim under the remaining terms and conditions of the policy without relying on the exclusion for damage caused by pets.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 18 August 2024.

Debra Vaughan
Ombudsman