

## **The complaint**

Mr D complains that HDI Global Specialty SE declined his pet insurance claim. My references to HDI include its agents.

## **What happened**

Mr D has 'lifetime' pet insurance for his dog, insured by HDI. The policy started on 8 March 2021 and is renewed annually.

In December 2023 Mr D's dog had vet treatment to remove a lump on her left foreleg. The lump was sent for examination and found to be a lipoma. Mr D claimed for the vet costs for the treatment.

HDI declined the claim. It said the dog's previous vet history showed that she had a lipoma diagnosed on 1 March 2021 at a different vet practice and another lipoma was diagnosed in February 2022 by that same practice. HDI said that as the diagnosis of the lump claimed for is the same as the 2021 lump they're linked by diagnosis and were one condition. As Mr D's dog's first lipoma was diagnosed before the policy started that meant the claim for her 2023 lipoma is for a pre-existing condition which isn't covered by the policy terms.

Mr D complained to us. In summary he said HDI couldn't fairly say his claim was for a pre-existing condition. He provided a letter from the treating vet for the 2023 claim (who wasn't the treating vet for the 2021 and 2022 lipoma diagnosis), which he said supported his claim. He wants HDI to pay the claim which is about £2,600.

Our Investigator said HDI had reasonably declined the claim.

Mr D disagreed and wanted an Ombudsman's decision. He said his dog's lumps aren't a condition. There'd been no definite diagnosis of the lump in 2021 and no evidence to link the cause of the 2021 and 2023 lumps so there was no pre-existing condition.

## **What I provisionally decided – and why**

I made a provisional decision that I was intending to uphold the complaint. I said:

'I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

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

The policy doesn't cover vet costs for pre-existing conditions. The policy defines 'pre-existing condition' as:

*'Any illness or injury or complication directly resulting from an injury or illness, whether diagnosed or undiagnosed that has been identified or investigated by a vet*

*or is otherwise known to you prior to the start of the insurance or within the first 14 days of the policy for illness or 72 hours in the case of injury’.*

The policy defines ‘illness’ as:

*‘Changes in your pets state of health that are not caused by an accident, or any which may be resulting from gradual or biological cause. Recurring and/or on-going illnesses shall be considered as one loss.*

*Such illness being defined as*

*a) Clinical manifestations resulting in the same diagnosis (regardless of the number of incidents or areas of the body affected) to which your pet has an on-going predisposition or susceptibility related in any way to the original claim...’*

HDI also referred to the policy terms about bilateral conditions which said:

*‘For illnesses that can have multiple sites or bilateral illnesses such as eyes ,ears or legs we shall treat all occurrences of an illness as the same illness and apply just one vet fee limit and charge only one excess. This is the definition as to how benefits are provided under this policy of insurance if the condition diagnosis by your veterinary surgeon is the same as a previous condition, they will be treated as the same condition even if the problem is a different part of your pets body... We will always treat the same diagnosis as one condition irrespective of when or where in your pets body the symptoms are found, even where the condition is diagnosed in different legs for the purposes of allocating benefits and deciding’.*

To summarise, that policy term means that if the condition diagnosed by the pet’s vet is the same as a previous condition then HDI considers the pet has the same condition even if the problem is on a different part of the pet’s body and/or occurs at a different time. The start date for the condition will be the date the first symptom of the condition was diagnosed.

I’ve seen the letter from the treating vet for the 2023 claim. In summary he says the diagnosis of a lipoma based on a fine needle aspirate (FNA) of the lump in 2021 is only an assumption and not a definite diagnosis. That’s because FNA isn’t a reliable tool for diagnosis as most FNA samples are inconclusive, and those who have certain features of malignancy are recommended for excisional biopsy.

In this case there’s no evidence that Mr D’s dog lump in 2021 was malignant. The vet notes from 1 March 2021 say that an FNA was done on a ‘*mass on chest between for(e) limbs*’.

The results of the FNA say:

*‘INTERPRETATION  
Consistent with fat / lipoma.*

*Cytology from this lesion is consistent with adipose tissue and assuming these findings are representative this indicates a lipoma....should be correlated with clinical impressions since incidental sampling of subcutaneous fat would be cytologically indistinguishable. Therefore if you suspect that this lesion is not a lipoma then further investigation may be indicated’.*

The vet notes then say the vet called Mr D and left a voicemail saying ‘*adv O lipoma so does not need removing unless causing a problem*’.

As the vet who treated Mr D's dog in 2021 was satisfied that the lump on the dog's chest was a lipoma I think HDI reasonably considered the lump to be a lipoma.

Mr D says that a lipoma (a fatty lump) isn't a medical condition. But under the strict policy definition of 'Illness', that I've detailed above, I think HDI could say a lipoma was a condition.

The vet notes in February 2022, after Mr D took out the policy, say his dog had a lump on her left leg. A FNA was done with the result saying:

*'Cytological interpretation: Sampling of adipose connective tissue, lipoma'.*

The vet notes from December 2023, which relate to this claim, say Mr D's dog had a:

*'mass on anterior distal LFF noted and has enlarged recently (about 2 weeks ago)'.*

The claim relates to the removal of that lump which was found to be a lipoma.

As I've said, HDI reasonably understood that Mr D's dog had a lipoma, on her chest in 2021, before the policy started, and this 2023 claim related to a lipoma on her leg. So under the strict terms of the policy HDI correctly said this claim related to a pre-existing condition.

However, I also have to decide what's fair and reasonable in all the circumstances. I don't generally consider it's fair and reasonable for an insurer to decline a claim just because a claimed condition is the same as the existing condition in name only.

It's for HDI to show that the exclusion fairly applies. I've seen no evidence that the cause of Mr D's dog's lipoma on her chest in 2021, and the lipoma on her leg in 2023 were connected in this particular dog. If HDI has the evidence it should provide that in response to my provisional decision. I will send any new evidence HDI provides to Mr D for the treating vet/s to comment on.

On the current evidence I have in making this provisional decision I don't think HDI reasonably declined the claim. If my decision remains the same when I make my final decision it means that HDI will need to pay Mr D's claim in line with the remaining policy terms, condition and limits. If Mr D's already paid the vet then interest should be added as I've detailed below'.

### **Responses to my provisional decision**

Mr D accepted my provisional decision but HDI didn't agree. In summary HDI said:

- Its product literature clearly explained how its insurance cover worked and there was no mention of there being a need for the occurrences to be connected, only that they had the same diagnosis. Its policy terms have been analysed by this Service and we hadn't found its approach to be unreasonable.
- The same policy terms are applied to all its customers on this product and treating Mr D differently to its other customers would go against treating customers fairly.
- It isn't disputed that Mr D's dog was diagnosed with a lipoma before he bought the policy so in line with its clear policy terms lipoma is a pre-existing condition and not covered by the policy.
- I couldn't say it had been unfair or unreasonable by simply applying the policy terms.

## **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've considered HDI's response to my provisional decision and reconsidered all the evidence but I still uphold this complaint.

As I've said in my provisional findings, under the strict terms of the policy HDI correctly said this claim related to a pre-existing condition. So under the strict terms of the policy HDI correctly declined the claim.

But I have to decide what's fair and reasonable in all the individual circumstances of a complaint and there may be occasions when, in the particular circumstances of a case, it's not fair and reasonable for the insurer to apply a policy term.

In this case Mr D's dog had a lipoma on her chest in 2021 before the policy started. The 2023 claim related to a lipoma which was on a different part of her body, her leg. I've seen no evidence that the dog had the claimed for lipoma before Mr D took out the policy. HDI's policy terms say, in effect, that it doesn't matter the dog didn't have the lipoma on her leg before the policy was taken out because as each lump was diagnosed as a lipoma there's no cover.

It's for HDI to show that the exclusion fairly applies to enable it to reasonably decline the claim. In the circumstances of this complaint I don't think it's enough for HDI to say the policy terms said it could decline the claim so that makes its decision to decline the claim fair and reasonable.

I, and this Service, don't generally consider it's fair and reasonable for an insurer to decline a claim just because a claimed condition is the same as a pre-existing condition in name only. HDI says this Service hasn't said its approach on its policy terms is unreasonable. But we consider each complaint on its own circumstances.

HDI also says the same policy terms are applied to all its customers with the same policy and treating Mr D differently to its other customers would go against treating customers fairly. I can't comment in this decision as to whether or not HDI's claims' decisions are fair and reasonable for its other customers' individual circumstances. My decision is only about Mr D's complaint.

In the circumstances of Mr D's complaint I don't consider it's fair and reasonable for HDI to decline this claim just because the claimed condition, the lipoma on his dog's leg, is the same as the pre-existing condition, the lipoma on her chest, in name only.

In my provisional decision I asked HDI to provide evidence that the cause of the lipoma on the dog's chest in 2021, and the lipoma on her leg in 2023 were connected in this particular dog. I said if there was no such evidence then I was intending to say that HDI unreasonably declined the claim. HDI hasn't provided any evidence of a connected cause for the lipomas.

For the reasons I've given in my provisional findings and these findings, as I've seen no evidence that the cause of the lipoma on Mr D's dog's chest in 2021 and the claimed for lipoma on her leg in 2023 were connected I don't think HDI reasonably declined the claim.

HDI must pay Mr D's claim in line with the remaining policy terms, condition and limits. If Mr D's already paid the vet then interest should be added as I've detailed below.

## **My final decision**

I uphold this complaint.

I require HDI Global Specialty SE to pay Mr D's claim subject to the remaining policy terms, conditions and limits. If Mr D has already paid the vet's costs then interest\* must be added at the simple rate of 8% per year from the date of payment to the date of settlement.

\*If HDI Global Specialty SE considers that it's required by HM Revenue & Customs to take off income tax from that interest it should tell Mr D how much it's taken off. It should also give Mr D a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 3 October 2024.

Nicola Sisk  
**Ombudsman**