

The complaint

Mr S complains that Casualty & General Insurance Company (Europe) Ltd (“C&G”) has unfairly deducted policy premiums from a claim settlement under his pet insurance policy.

Where I refer to C&G, this includes the actions of its agents and claims handlers for which it takes responsibility.

What happened

The detailed background to this complaint is well known to both parties, so I’ll only summarise the key events here.

In December 2019 Mr S took out a pet insurance policy, underwritten by C&G, to cover his dog.

In May 2024, Mr S called C&G to notify it that his dog had sadly passed away. He submitted a claim for the cost of vet treatment his dog had received in the lead up to his passing.

C&G accepted the claim and cancelled the policy. It said the remaining seven months of policy premiums would be deducted from the claim settlement.

Mr S didn’t think this was fair, so he raised a complaint – the key points of which were:

- He wasn’t informed this would happen when he spoke to C&G on the phone,
- It wasn’t made clear in the policy’s marketing materials that this was an annual policy rather than “pay as you go”.
- The policy documents say the policy will end when the pet dies, but C&G has cancelled the policy.

C&G maintained it’s decision to cancel the policy and deduct the premiums from the claim settlement. It said this was made clear in the policy documentation. But it acknowledged that Mr S hadn’t been informed of this over the phone when he called in May 2024, so it paid £50 compensation.

Mr S brought his complaint to our Service. But our Investigator didn’t uphold it as she was satisfied C&G had acted in line with the policy terms and had treated Mr S fairly. She said it was standard practice for the full cost of the policy to be payable.

Mr S didn’t agree with our Investigator, his key points of which are:

- C&G failed to flag that he was paying monthly instalments on an annual policy rather than paying month by month for cover, and that this should be made clear across the insurance industry.
- The differential wording of “ending” and being “cancelled” hasn’t been sufficiently

addressed. The policy says that cover will end, but C&G has cancelled it.

- C&G didn't offer compensation. This was offered and paid by the broker.

The complaint has been passed to me to decide.

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 like to reassure Mr S that whilst I may have condensed what he's told us in far less detail and in my own words, I've read and considered all his submissions in full. I'm satisfied I've captured the essence of the complaint and I don't need to comment on every point individually, or possibly in the level of detail he'd like, in order to reach my decision. This isn't meant as a discourtesy, but simply reflects the informal nature of our service.

Mr S took out a 12-month insurance policy with C&G, which he renewed each year. Whilst he's opted to pay for his policy in monthly instalments – which is an option many insurers provide to make insurance more affordable – he's contracted to pay the annual cost of the policy.

I'm satisfied this was made sufficiently clear to Mr S for the following reasons:

- His policy schedule sets out the start and end date of the policy which shows a period of 12 months.
- The Insurance Product Information Document (IPID) says:

"When and how do I pay?

This is an annual policy; you can pay your premium as a one off payment annually or in monthly instalments."

- The policy terms defines "premium" as *"the amount paid, or to be paid, annually or in monthly instalments by you as shown on the schedule"*.
- He was given the option to renew the policy at the end of the 12 months. And was sent new documentation with the start and end date of another 12 month period.

Mr S hasn't shown that he's received any information which suggests he didn't have an annual policy or that he was on a "pay as you go" contract as he implies.

When a claim is made and covered by the policy, the insurer has fulfilled the contract and is therefore liable to retain the premiums for the full cost of the policy – or request payment in full if the customer is paying monthly.

In this case, Mr S has made a claim. So, in order for his claim to be paid, he needs to pay the policy premium in full. For this reason, I'm satisfied C&G has acted fairly by deducting the remaining cost of the policy from Mr S' claim settlement.

Mr S is concerned that C&G cancelled his policy, rather than it ending which is what the policy terms say will happen. It's not clear why Mr S is concerned about this as he will still be liable for the full cost of the policy regardless. But, for clarity, he doesn't need to disclose this

as a cancelled policy when taking out insurance cover. The policy has simply been cancelled because his pet sadly died and there is no longer a risk to insure.

C&G paid £50 compensation for its failure to explain to Mr S that it would cancel the policy and deduct the premiums from the claim settlement when it spoke to him on the phone. I'm satisfied this is a fair amount to put things right. I say this because it would've been good customer service to have made this clear on the call. But, even if it had, I can't see that it would've made a difference to the overall outcome of the situation. And, as I've explained above, I'm satisfied it was made sufficiently clear to Mr S that he had an annual policy.

Mr S has raised the point that the compensation was paid by the broker, not C&G. I can see that the policy administrator responded to Mr S' complaint offering £50 compensation. The policy terms are clear that the policy administrator acts on behalf of the insurer – which is C&G. As such, I'm satisfied the compensation Mr S has received is from C&G in resolution of his complaint.

As the £50 compensation has already been paid and I'm not persuaded C&G needs to do anything more to resolve this complaint, I'm not upholding it.

My final decision

For the reasons I've explained, I don't uphold this complaint.

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

Sheryl Sibley
Ombudsman