

The complaint

Mrs T is unhappy Wakam declined a claim made on her pet insurance policy.

Any reference to Wakam includes the actions of its agents

What happened

The circumstances of this complaint are well known to both parties, so I've summarised events. Mrs T had a pet insurance policy (policy 1) with Wakam. Unhappy with the renewal price of policy 1, she cancelled the direct debit.

Soon after, Mrs T contacted Wakam to say she'd cancelled the direct debit because the renewal premium was too high. During the call she explained that having excluded cover for her dog's ("L") skin condition, she'd been able to obtain quotes from Wakam online which were around £100 per month – which was approximately £200 less than the renewal quote.

Mrs T asked Wakam if she'd be able to continue policy 1 but add an exclusion for L's skin condition. She said she was managing L's skin condition in other ways, and so, didn't need cover for it anymore. Wakam explained it could start a new policy, with Mrs T being treated as a new customer. It said this meant anything L had been seen by a vet for in the last two years, wouldn't be covered.

Mrs T asked whether the new policy was a continuation of her existing policy. Wakam's agent explained it wouldn't be continuation of cover but said policy 1 could be reinstated and then cancelled in 14 days' time to cover the 14-day waiting period applicable under the new policy.

Mrs B agreed to having policy 1 reinstated for 14 days and took out a new policy (policy 2) on the same day – 15 January 2024. Policy 1 would come to an end on 29 January 2024.

The following day, L was seen by her vet for what Mrs B has explained was a routine check-up. During the review, a lump was found on L's anal gland. Sadly, the lump was malignant, and L underwent treatment for it to be removed. L has since undergone further treatment.

Mrs B submitted a claim to Wakam for the treatment costs. Wakam initially declined it saying L had previously been seen by a vet for issues with her anal glands and so, the lump was a pre-existing medical condition. But on receipt of information from L's vet - which said L's previous visits in respect of her anal glands was *not* due to an underlying condition – Wakam accepted it wasn't a pre-existing medical condition.

However, Wakam still declined the claim saying L had received treatment in the first 14 days of the new policy which wasn't covered by the policy.

In its final response, Wakam said Mrs T had been made aware - during the call on 15 January 2024 - that the new policy wouldn't cover any conditions that had signs or symptoms, or any treatment, medication or advice that occurred in the 14 day-waiting period.

Unhappy, Mrs T brought a complaint to this Service. An Investigator considered it and

upheld it. In summary, he thought Wakam had misled Mrs T by saying she would be “covered by one policy or the other” if she reinstated policy 1 for 14 days and took out policy 2. He was persuaded it was always Mrs T’s intention to have continuous cover, and this was supported by her having agreed to pay an additional amount to keep policy 1 in place for a further 14 days.

To put things right, he said Wakam needed to: reconsider its position in respect of Mrs T’s claim; if it accepted the claim, it should add 8% to any payments it makes to reimburse her for treatment costs already paid; treat Mrs T’s policy as though it had continued, add an exclusion for the skin condition; remove any exclusion it had added since; pay Mrs T £300.

Mrs T accepted the findings. Because Wakam didn’t reply, the complaint was passed to me for an Ombudsman’s decision.

I looked at the complaint and issued in a provisional decision, in which I said:

“What I’ve provisionally 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 want to start by acknowledging the stress Mrs T has experienced following L’s diagnosis. Understandably, this has been a very worrying time for her – and I appreciate that as a prudent pet owner, she has L’s best interests at heart.

Having reviewed this complaint, I’m upholding it in part – I’ll explain why. I’ve listened to the call Mrs T had with Wakam on 15 January 2024 – which is material to this complaint. When discussing cover, Mrs T specifically asked Wakam’s agent if taking out the new policy would provide continuous cover, to which Wakam’s agent clearly said it wouldn’t.

However, the agent went on to say that by reinstating Mrs T’s existing policy and cancelling it in 14 days’ time – to coincide with the 14-day waiting period of policy 2 – she’d be “covered one way or the other.” It’s this explanation, or rather lack of, that I think has caused confusion.

Wakam’s agent failed to explain that if L received treatment for a condition during the 14-day period, and a claim was made for it under policy 1, that if that treatment continued after policy 1 ended, Mrs T wouldn’t have cover for ongoing treatment under policy 2. Because under policy 2, the treatment arose within the first 14 days of cover. So, I think Wakam could have been clearer in this respect.

But even if Wakam had been clearer, I’m not persuaded Mrs T would have done anything differently. I appreciate Mrs T might say she would have kept policy 1 had she known, but I can’t ignore that she’d already cancelled that policy owing to the cost of the renewal premiums. And she’d done this prior to calling Wakam – which indicates she wasn’t willing to continue paying a higher premium for continuous cover.

Mrs T might also suggest she would have sought cover from another insurance provider. But in the absence of evidence which shows she would have obtained this, it’s very unlikely another insurer would have provided continuous cover without a cost that would have been prohibitive to her. So, based on what I’ve seen, I think Mrs T would have still agreed to the new policy even if Wakam’s explanation had been clearer.

Claim under policy 2

As policy 2 doesn't cover vet's fees incurred due to illness within the first 14 days of the policy, I consider Wakam's decision to decline a claim in respect of this to be in line with the policy terms and fair and reasonable in the circumstances.

Claim under policy 1 for treatment on 24 January 2024

It's not in dispute that L received treatment on 24 January 2024 - which falls within the 14-day period of cover under policy 1, which Mrs T had paid additionally for.

From the information I have, it's not clear if Wakam has covered this treatment, but if it hasn't, I haven't seen anything to suggest it would be excluded under the policy terms. So, as things stand, Wakam should cover a claim in respect of these treatment costs under policy 1.

Trouble and upset

I recognise that mismanaging Mrs T's expectations about the cover she had has had a detrimental impact on her – causing her upset and stress. And so, compensation is warranted. I agree with our Investigator that £300 is fair and reasonable in the circumstances.

My provisional decision

- *Pay Mrs T £300 compensation.*
- *Accept a claim under policy 1 for treatment costs incurred on 24 January 2024. If Mrs T has already paid these costs, Wakam should reimburse her this plus 8% a year simple interest from the date Mrs T paid the invoice until the date it is refunded."*

Mrs T responded to say she didn't agree with the outcome. She said she was under the impression reinstating and extending policy 1 for 14 days would ensure L was covered for all eventualities, and that she only agreed to reinstating policy 1 – and taking out policy 2 – on this understanding.

Mrs T said Wakam hadn't clearly explained things during the call – and so, she considers it to have mis-sold policy 2. She asked for it to reimburse her the premiums she'd paid so far.

Mrs T explained the direct debit - for policy 1 - had been cancelled to prevent the payment leaving her account before it renewed, reiterating it was more than her monthly mortgage payment and other utility costs.

Prior to my provisional decision, I'd asked Wakam to clarify what treatment, if any, it had covered for L's condition under policy 1 during the extended 14-day period. Wakam said it had paid one lower value claim during this time – which had been automatically validated.

I considered the additional information provided. Having done so, I explained to both parties that I wasn't persuaded Wakam had given Mrs T the information she needed about the policy in a way she could understand it – which it was required to do by the Consumer Duty.

I explained the information Wakam provided needed to have been clear, fair, and not misleading, but I wasn't satisfied Wakam's agent had done this when explaining the extent of cover. I highlighted that the agent's comment that Mrs T would be covered "with one or the

other” if she extended policy 1 and took out policy 2 was to an extent, misleading. And resulted in Mrs T finding herself in a situation where she didn’t have the level of cover, she thought she did. I added that even though L’s current condition wasn’t covered under policy 2, the policy still provided other benefits.

With regards to compensation, I explained I’d be directing Wakam to pay compensation totalling £500 – an increase from the amount set out in my provisional decision. I said Mrs T realising she doesn’t have the level of cover she thought she had for L has been incredibly upsetting for her. Particularly as this discovery came at what was, and continues to be, a very difficult time for Mrs T, owing to it coinciding with L’s diagnosis. It’s clear from Mrs T’s testimony that having to plan for how she may fund L’s treatment, if at all, has been immensely stressful. So, I said I was persuaded Wakam’s failings had caused Mrs T considerable distress and upset.

I reiterated that despite Wakam’s shortcomings, I remained satisfied that if it had provided Mrs T with information which was clear, fair, and not misleading - on balance - Mrs T would have more than likely still taken out policy 2. I explained Mrs T’s call to Wakam happened because she could no longer afford policy 1, stating it was more than her monthly mortgage payment – and this was supported by her having cancelled the direct debit ahead of speaking to Wakam. So, to me, the purpose of her call was to find a compromise (by removing cover for L’s skin condition) but importantly, to obtain a price which was much more affordable to her. So, I didn’t change my mind on this issue.

Both parties were given until before 12 December 2024 to provide any further comments or evidence for my consideration.

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 haven’t been provided with any additional new comments from the parties. And so, my position remains the same as that described above.

In summary, I’m satisfied Wakam’s decision to decline a claim for treatment which occurred during the first 14 days of policy 2, to be both in line with the policy terms, and fair and reasonable in the circumstances.

And whilst I remain persuaded Mrs T would have taken out policy 2 even if Wakam had provided her with clear, fair, and not misleading information, I’m in no doubt it not doing so has caused her considerable upset. And so, for the reasons set out above, it must pay £500 compensation to recognise this.

My final decision

My final decision is I uphold this complaint and direct Wakam to:

- Pay Mrs T £500 compensation in total. Wakam must pay the compensation within 28 days of the date on which we tell it Mrs T accepts my decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date payment is made at 8% a year simple interest.
- Cover treatment costs - in relation to L’s condition - which occurred during the 14-day extension period of policy 1. If it hasn’t already reimbursed Mrs T these costs, it must pay her these costs plus 8% a year simple interest from the date Mrs T paid the

invoice until the date is it refunded.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 9 January 2025.

Nicola Beakhust
Ombudsman