

The complaint

Miss M complains that she took out a pet insurance policy underwritten by Pinnacle Insurance Plc on the basis pre-existing conditions would be covered, but later found that a number of exclusions were added to the policy.

What happened

Miss M had pet insurance with another insurer but that didn't include dental cover and the price had increased, so she decided to look for a new policy. She took out a policy with Pinnacle. Miss M says she chose this policy because it covered pre-existing conditions if there was continuous cover from a previous insurer.

Miss M sent Pinnacle evidence of her continuous cover and expected pre-existing conditions would then be covered, but she received a letter saying exclusions would be added to her policy for pre-existing conditions. She was unhappy with this and complained. She said her cat needed dental treatment and she had moved to Pinnacle on the understanding this would be covered.

Pinnacle acknowledged there was some incorrect information about pre-existing conditions and offered £100 in compensation for this, as well £30 for some delays, but said:

- the exclusion for conditions starting in the first 14 days of the policy does not apply if there was continuous cover.
- although there was an error in the insurance product information document (IPID), the exclusion does apply to any pre-existing conditions
- there was an error in the IPID, but the other information provided makes clear the policy does not cover pre-existing conditions.

Miss M referred the case to our Service. Our investigator's initial view was that the information provided was misleading and Pinnacle should consider any claims for conditions it has considered pre-existing that would have been covered under Miss M's old policy, and increase the compensation offered to a total of £250.

Pinnacle didn't agree. After considering further information, the investigator said that, as Miss M had confirmed she hadn't made any claims on her previous policy and her cat didn't have ongoing conditions, she could move to a different insurer, who might not add exclusions in the same way that Pinnacle had. The only detriment to Miss M was the cost of the dental treatment. He asked Pinnacle to pay those costs and increase the total compensation to £400.

Pinnacle accepted this recommendation and confirmed it would pay the dental claim and increased compensation.

Miss M made some further comments, including:

- The exclusions are wide-ranging and will exclude many conditions. She wants the policy to cover pre-existing conditions, as she was led to believe it would.

- Her cat does have ongoing conditions, she just didn't make any claims on her old policy because the claim values were relatively low and after paying the excess, it did not seem worthwhile.
- Her previous insurer didn't add exclusions to her policy, even though her pet was six when she took out that policy and had issues such as respiratory flu and skin conditions.
- Her cat suffers with miliary dermatitis and has recently been diagnosed with calicivirus, a lifelong condition.
- She is stuck with Pinnacle because if she moves to another insurer these existing conditions won't be covered.

Pinnacle also provided further comments, including:

- While the previous insurer didn't add specific exclusions to Miss M's old policy, it had a general exclusion for pre-existing conditions.
- The conditions Miss M has referred to, including respiratory flu and skin issues, were already present before she got that policy, so it's unlikely they would have been covered if she had made any claims.
- There was an issue in the IPID and so it is happy to resolve the complaint by paying for the dental treatment and increasing the compensation to £400. But if all the exclusions were removed, Miss M would be in a better position than she would have been in if she'd stayed with her previous insurer, as these conditions would not have been covered by that policy.

I issued a provisional decision saying I intended to uphold the complaint and direct RSA to pay a further £270 in compensation. I set out my reasons as follows:

Insurers have a duty to give consumers the information they need at the right time and in a way they can understand, so they can make good financial decisions. And the information should be clear, fair and not misleading.

The policy excludes cover for pre-existing conditions. That's not unusual and is in line with most pet insurance. But the IPID included a statement that this exclusion would not apply if someone has switched from another insurer and had continuous cover for their pet for at least 14 days before switching. Miss M did have continuous cover. So she says the exclusion should not apply.

The IPID is only one document that Miss M would have seen when taking out this policy. She bought it online and screenshots of the online process show she was told there was no cover for pre-existing conditions. The policy terms and conditions confirm this, and the policy certificate sent to Miss M also said pre-existing conditions were not covered.

Miss M says she relied on the statement in the IPID. I accept there was an error in the IPID, and so the information was unclear, but she was given information during the online process that made it clear pre-existing conditions were not covered. As I understand it, she would have received the IPID after she bought the policy, when the policy documents were sent to her. So it's not clear how she would have relied solely on that document rather than all the other information provided.

In any event, her point is that her cat's existing conditions should be covered, because if she had not been misled, she would have stayed with her previous insurer and they would have been covered.

Although she hadn't made any claims on that policy, the evidence shows (and Miss M accepts) her pet had existing conditions when she bought that policy. While that insurer didn't add specific exclusions for the conditions, that policy also excluded pre-existing conditions. If she had tried to claim for any of those conditions it's unlikely they would have been covered – the insurer would have applied the general exclusion for pre-existing conditions.

For these reasons, I don't consider Miss M has been put in a worse position by moving to the policy with Pinnacle, and it would not be fair to expect Pinnacle to remove the exclusions and provide cover for conditions that would not have been covered by her previous policy.

Miss M was upset to find this policy would not provide cover for the existing conditions as she had hoped. And she may not have gone to the trouble of moving insurers if she had known this. It's fair to recognise the distress caused to her.

Pinnacle agreed to cover the cost of the dental treatment – and it has now paid that, so there's no need for further action in relation to this. It has also agreed to pay a further sum of £270, to bring the total compensation up to £400. In the circumstances I agree that's fair.

Replies to the provisional decision

Pinnacle has replied to say it accepts the provisional decision.

Miss M has not confirmed whether she accepts the decision or provided any further comments.

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.

In the provisional decision I explained why I thought it would be fair for Pinnacle to pay for the dental treatment and pay a total of £400 compensation to Miss M for the distress caused to her. As Pinnacle had already paid compensation of £130, that meant it should pay a further £270.

Pinnacle has paid for the dental treatment and has agreed to pay the compensation. Miss M has not provided any further comments for me to consider. In the circumstances, I see no reason to change my provisional decision.

So it remains my view that Pinnacle should make a further payment of £270, to bring the total compensation up to £400

My final decision

I uphold the complaint and direct Pinnacle Insurance Plc to pay a further £270 compensation to Miss M.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 31 December 2024.

Peter Whiteley
Ombudsman