

The complaint

Mr P is unhappy that Pinnacle Insurance Plc deducted two policy excesses from his pet insurance claim.

What happened

Mr P held a pet insurance policy for his dog, underwritten by Pinnacle. Mr P's dog had an ear infection. Mr P incurred vet costs to treat this over a period of weeks, from 27 March to 2 May 2024. Mr P's policy renewed during this period, on 4 April 2024. Mr P submitted a claim to Pinnacle at the end of the treatment, which cost £412.06.

Because Mr P's policy had renewed, Pinnacle split the claim into two. The first claim dealt with costs incurred between 27 March and 3 April of £304.66. Pinnacle applied the £99 policy excess and paid Mr P £205.66. The second claim dealt with costs incurred between 17 April and 2 May of £108. Pinnacle applied an excess to this claim, too, and paid Mr P £9.

Mr P wasn't happy with how Pinnacle had split his claim. He said his dog was being treated for the one illness and he'd only submitted one claim. He thought it was unfair that Pinnacle didn't contact him before it split the claim, given the low value of the second part. He didn't think the policy allowed Pinnacle to apply the excess twice. And he thought the way the excess applies is only made clear on the certificate of insurance which was given to him after he had bought his policy, which he didn't think was fair. Lastly, he was concerned that the split might affect his renewal premiums.

Pinnacle considered the complaint but didn't uphold it. It said Mr P holds 'lifetime' cover, which means the limits of cover are refreshed at renewal, and the excess is applied per condition per year. Pinnacle said this is standard across the industry and Mr P's certificate of insurance makes this clear. Regarding Mr P's premiums, Pinnacle said it can't estimate the effect the claims would have, and it can't share a breakdown of Mr P's premiums, either.

Mr P didn't think this was fair, so he referred the matter to the Financial Ombudsman.

Our investigator didn't think the complaint should be upheld. He thought the excess had been made clear and applied fairly. He also thought it was reasonable that Pinnacle couldn't tell Mr P the impact the claims would have on his renewal premium.

Mr P didn't agree with our investigator's view. He reiterated that Pinnacle hadn't made the excess provision clear to him and he'd only made one claim.

As Mr P didn't agree, the complaint has been passed to me to make a final decision.

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.

Having done so, I'm not upholding this complaint for broadly the same reasons as our investigator. I recognise that this will be disappointing for Mr P and I'm sorry about that. I've

focused my comments on what I think is most relevant. If I haven't commented on a specific point, it's because I don't believe it affects what I consider to be the right outcome.

I've considered whether Pinnacle has applied its policy excesses correctly and fairly.

Mr P's policy carries an excess that's applied per condition per policy year. This is standard across the pet insurance industry for 'lifetime' policies like this one, so I don't find it unusual. The excess is set out on Mr P's certificate of insurance, as follows:

"Vet Fees Excess: £99.00 per condition per year"

I acknowledge Mr P only made one claim for one condition. But the claim included the cost of treatment that took place across two policy years. This is the crux of the matter in my view. Pinnacle needed to assess the costs that arose during the first policy year against the insurance contract in place at that time, which included the policy excess. Pinnacle then needed to assess the costs that arose during the second policy year against the new insurance contract, including the policy excess that applied to that policy.

Mr P's claim included costs that were not incurred until the second policy year. So, I don't find it unreasonable or unusual that Pinnacle decided to split Mr P's claim across the two policies, as it couldn't assess the later costs against the previous contract. Pinnacle was therefore entitled to deduct an additional excess, as the excess renewed at the same time as the policy – in line with the above term. I'm satisfied that this was done correctly.

Even so, I recognise that Mr P feels this is unfair. He's highlighted that the excess provision is found on his certificate of insurance, which wasn't given to him until after his contract began. I acknowledge Mr P's dissatisfaction about this, but I don't agree that it's unfair. I say this for three main reasons.

First, I don't agree that the excess wasn't highlighted to Mr P until after his contract began. Pinnacle has provided screenshots of the online sales journey Mr P would have gone through to purchase his policy. The screenshots show Mr P needed to select the level of cover he wanted. The excess for each level of cover was shown under this heading:

"Set excess (per condition, per year)"

So, I can't agree the excess provision was withheld until after the sale.

Second, even though Mr P's certificate of insurance was provided after the sale, it still formed a key part of Mr P's insurance contract and needed to be read together with his policy wording. I can see this is explained in Mr P's policy wording, as follows:

"The Terms and Conditions provide you with the details of your pet's cover and form part of your insurance contract together with your certificate of insurance and any future endorsement documents. Your certificate of insurance is the personalised document which shows the type of policy you have and the maximum benefits, excess and any special conditions and exclusions that apply to the cover you have selected."

So, I think it was fair for Pinnacle to rely on a term found in the certificate of insurance as this formed a key part of Mr P's contract.

Third, I'm satisfied Pinnacle gave Mr P a reasonable opportunity to review his policy, including his certificate of insurance, to decide whether he was happy with it. This is a key reason why industry rules require insurers to provide a 14-day cooling-off period so consumers have a chance to review their policy documentation.

Pinnacle has provided a copy of a welcome letter it sent to Mr P that supports this. It said:

“As part of your Welcome Pack, you can find your Certificate of Insurance which shows you things like your premium, excess, benefit limits and any exclusions placed. We’ve also included the Terms and Conditions and the Insurance Product Information Document.

Please take a few moments to read these documents carefully, and if any information is incorrect simply update it on My Pet Portal or give us a call”

...

“We’ll give you 14 days to make sure the cover meets your needs. If you decide it’s not for you, you can cancel without any cost or obligation, you will receive a full refund of any premium paid, provided you have not made a claim.”

Taking all this into account, I’m first satisfied that Pinnacle applied the excess in line with Mr P’s insurance contract. But also, that Pinnacle applied the excess provision fairly, as it was highlighted during the sales process and in the certificate of insurance, and Pinnacle invited Mr P to check his documents and afforded him the required cooling-off period.

I recognise Pinnacle’s decision to split the claim had financial consequences for Mr P, and I can see why he is unhappy. I appreciate he would have preferred Pinnacle to phone him to see if he wanted to go ahead with the costs that fell into the second policy year. But I’m satisfied Pinnacle fairly assessed the claim presented to it and did so as I would expect. So, I won’t be telling Pinnacle to refund the second excess.

I’ve also considered whether it was reasonable for Pinnacle to say it couldn’t estimate how much the claims would affect Mr P’s renewal premiums. Pinnacle said a customer’s claims history is one factor it considers, but it said there are lots of other factors – some of which will be specific to the policyholder, and some will be more general, like the cost of claims. Pinnacle said it wouldn’t be able to give Mr P a breakdown of his premium calculation because it considers this to be commercially sensitive information.

When Pinnacle sent its final response letter, Mr P was nine to ten months away from his next renewal. So, I don’t think Pinnacle would have been in a position to calculate the exact effect the claims were going to have. Insurers also won’t usually release a breakdown of a policyholder’s premium because they consider this to be sensitive and confidential data. Our service tends to agree. While I can understand why Mr P wanted to understand the impact on his premiums, I don’t think it was unreasonable for Pinnacle to give the answer it did.

I recognise my outcome will disappoint Mr P. I want to reassure him that I’ve carefully considered the points he’s made. But I’m not persuaded that Pinnacle has done anything wrong. So, I won’t be ordering Pinnacle to do anything further to put things right.

Once again, I’m sorry to bring Mr P unwelcome news.

My final decision

For the reasons above, I don’t uphold Mr P’s complaint against Pinnacle Insurance Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 21 April 2025.

Chris Woolaway
Ombudsman