

The complaint

Mrs H is unhappy with what West Bay Insurance Plc did after she made a claim on her lifetime pet insurance policy.

What happened

In July 2024 Mrs H's dog (B) had surgery to treat an aural haematoma on its right and then left ear. She claimed on her insurance for the treatment costs. West Bay was the insurer of her policy at the point the treatment started. It declined the claim as, having reviewed B's clinical history, it thought the treatment was related to a pre-existing condition. And Mrs H's vet told it he suspected it was related to previous ear/skin issues.

Our investigator said the vet only suspected the conditions were connected and hadn't said they were linked. And there had been more than two years between the first reference to skin/ear conditions in the notes and subsequent symptoms or veterinary advice in relation to them. Based on the wording of the policy he didn't think this was a pre-existing condition. Even if it was, given the time that had passed between the identified issues, he didn't think it would be fair to apply the exclusion. He said West Bay should pay the claim in line with the policy limits and any applicable excess. It should also pay interest at 8% simple on costs Mrs H had paid from the invoice date to the settlement date.

West Bay didn't agree. It said an aural haematoma would be caused either by trauma (which there was no evidence of here) or by otitis externa. And there were a number of references to that in the clinical notes prior to Mrs H taking out the policy in January 2023 (most recently in February 2022). There was then further mention of otitis externa in October 2023. And the treating vet had said the previous issues were linked and hadn't identified any separate cause for the aural haematoma. It thought the exclusion for pre-existing conditions did apply and the claim had been fairly declined.

So I need to reach 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.

The relevant rules and industry guidelines say West Bay has a responsibility to handle claims promptly and fairly. It shouldn't reject a claim unreasonably.

I've looked first at the wording of Mrs H's policy. That does provide cover for an accident, illness or injury occurring to her pet. But it doesn't cover "*Any illness arising prior to or within the first 10 days of the inception date of the insurance or a pre-existing condition*". And it defines a 'pre-existing condition' as

"Any illness or injury or complication directly resulting from another injury or illness, whether diagnosed or undiagnosed or that has been identified or investigated by a vet or is otherwise known to you prior to the start of the insurance. If an illness or injury has gone longer than 2

years without any symptoms being shown / documented and no veterinary advice sought, we will not treat that illness or injury as a pre-existing condition."

I've thought about how that applies to the claim Mrs H made. Having reviewed B's clinical history it's clear he did have a number of skin and ear issues prior to the policy being taken out. West Bay has suggested the cause of those issues and the need for the aural haematoma was otitis externa. However, I'm not sure that's fully supported by the clinical history as on a number of occasions when B was taken to the vet for skin / ear issues the notes specifically say no otitis externa was found.

But I appreciate the treating vet did say in response to West Bay's inquiries that he "*suspected*" the previous skin and ear conditions were linked to the treatment carried out in July 2024. And he didn't identify any separate cause for the aural haematoma. Given that I think West Bay has done enough to show, on balance, that there is a link between the need for the July 2024 treatment and conditions which affected B before the policy was taken out.

I've therefore gone on to consider whether there's a two year period where those ear issues didn't show symptoms and where no veterinary advice was sought. The last specific reference to otitis externa was in July 2020. However, in February 2022 the vet's notes say B had "*Lichenification of the skin on the back, around the ears and eyes. Alopetic patches on the back*". The prescribed treatment is one that would be used for otitis externa. Then in October 2023 as part of glucose testing the vet says he can't check B's ears as they're closed. The medication prescribed is also a treatment for otitis externa.

Given that I think it's reasonable to say that condition was present in February 2022 and recurred in October 2023. That means there wasn't a two year period without symptoms being shown as required by the policy terms. As a result I think, on balance, it was reasonable for West Bay to conclude Mrs H's claim did relate to a pre-existing condition and the policy exclusion applied to this.

However, that's not the only issues here. I also need to consider whether it's fair of West Bay to rely on that to turn down the claim Mrs H made. Our long standing approach (which West Bay will be aware of) is that it wouldn't be fair to do so where a pet had symptoms of a condition prior to the policy being taken out but the policyholder couldn't reasonably have been aware of them. In this case I don't think there's any dispute Mrs H was aware B had suffered from skin / ear problems prior to taking the policy out.

But we also wouldn't consider it fair to apply the exclusion where the policyholder was aware of a condition but wouldn't reasonably have thought this would lead to investigation or treatment. I think relevant to that is what Mrs H was told about what the underlying cause of the skin / ear problems might be. In October 2020 the vet's notes suggest it might be caused by a parasite. Then in February 2022 the notes say "*Discussed allergies, food vs environmental. Discussed food options*". Mrs H says once she was advised by the vet to make changes to B's diet the problems affecting him cleared up. That's supported by the fact B's veterinary notes don't record any further skin / ear issues until October 2023 when as part of a consultation relating to a glucose test an ear issue was identified.

So at the point Mrs H took out her policy in January 2023 she'd have known B had been affected by historic skin and ear problems. But she'd also have been aware that following advice from her vet about B's diet (in February 2022) no further issues had arisen for almost a year. I think Mrs H would have reasonably thought the past problems were likely an allergic reaction to something B was eating which had been addressed by the change she made to his diet. And I don't think she would reasonably have thought the past problems would likely lead to investigation or treatment at the point she took out the policy.

As a result, and for the reasons I've explained, while I accept the exclusion for pre-existing conditions likely applies to the claim Mrs H made I don't think it's fair for West Bay to rely on that in the circumstances of this case. I therefore agree with our investigator that it will need to pay Mrs H's claim subject to any applicable policy limits and the policy excess. It will also need to pay her interest at 8% simple on any amounts covered by her policy she's already paid from the date she made that payment until the date of settlement.

If West Bay considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs H how much it's taken off. It should also give her a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

I've decided to uphold this complaint. West Bay Insurance Plc will need to put things right by doing what I've said in this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 14 May 2025.

James Park
Ombudsman