

The complaint

Mr W and Miss S are unhappy Wakam turned down a pet insurance claim they made. Although the claim and complaint have been brought by Miss S as Mr W is the policyholder I'll mainly refer to him in this decision.

What happened

In September 2023 Mr W made a claim on his policy for costs relating to an ear infection (otitis externa) which his dog had been treated for. Wakam turned down the claim. It said the policy didn't cover pre-existing conditions. In this case Mr W took out his policy on 30 June 2021. And the vet's notes showed his dog's ear problems began on 2 January 2021 and had progressively worsened since then. It thought the claim he'd made was linked to the conditions which had affected his dog prior to the policy being taken out meaning this wasn't something the policy covered. But it accepted there had been some issues with the handling of his claim for which it agreed to pay £20.

Our investigator didn't agree Wakam had correctly or fairly concluded the claim was for a pre-existing condition. There was reference to an ear inflammation in the vet's notes in January 2021 but the vet hadn't said this was linked to the otitis externa subsequently diagnosed. In any case Mr W's dog had been symptom free from January 2021 for nearly 12 months. She didn't think Mr W would have had reason to think his dog had a pre-existing condition which might lead to a claim at the point he took the policy out.

She said Wakam should cover the claim in line with the remaining policy terms and pay interest on any payments Mr W had already made from the date of loss to the date of settlement. And it should also pay total compensation of £150 to recognise both the claim delays and the impact on Mr W of his claim being wrongly declined.

Mr W agreed with his outcome. Wakam didn't agree. It said the policy didn't cover pre-existing conditions and the vet's notes identified that Mr W's dog had a sign or symptom of otitis externa prior to the policy being taken out. It thought its decision to decline the claim on the basis it was a pre-existing condition was correct.

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 Wakam has a responsibility to handle claims promptly and fairly. It shouldn't reject a claim unreasonably.

I've looked first at the terms and conditions of Mr W's policy. That does cover veterinary treatment in relation to which it says *"If a vet recommends treatment for your pet, we will pay the cost of that treatment."* So the policy could in principle cover the claim Mr W made. But it goes on to say *"We will not pay for any costs relating to pre-existing conditions"*.

And the relevant part of the definition of a pre-existing condition is

- *"Anything your pet has had treatment, medication or advice for in the 24 months before your policy starts."*
- *Any condition that showed signs or symptoms in the 24 months before your policy starts and didn't receive treatment, medication, or advice".*

Condition is defined as *"any physical or mental health problem that is caused by an illness or injury that needs treatment to cure or alleviate symptoms"*. Treatment means *"disease, sickness, signs or symptoms or infection suffered by your pet"*. And where an insurer is relying on an exclusion like this to turn down a claim the onus is on it to show, on balance, that the exclusion applies.

In this case I don't think it's in dispute that Mr W's dog was seen by the vet for ear issues in January 2021. The notes from the time say *"Both ears inflamed and exudate down canal. Give ear drops and rv if concerned"*. I think that would fall within the definition of a pre-existing condition outlined above. However, the question is then whether the claim that was subsequently made relates to that condition. No diagnosis was made in January 2021. And following Mr W's claim the vet was asked whether the ear infection in January 2021 was related to the current issues. In response he said *"Unfortunately I cannot confirm that the ear problem noted on 2.1.21 is related to the current ongoing ear issues, as no investigations were done on 2.1.21"*.

So there's no veterinary evidence to support Wakam's position that the problem in January 2021 was linked to the claim Mr W subsequently made. In fact the only evidence it's cited is that the symptoms displayed by Mr W's dog in January 2021 are similar to those which are associated with otitis externa. I recognise that's the case but those symptoms aren't solely associated with otitis externa and could result from other causes (for example an allergic reaction or ear mites). I don't think Wakam has shown on balance that the condition in January 2021 was the same as the one which Mr W subsequently claimed for.

Even if that was the case our long standing approach is an insurer can't fairly turn down a claim for a pre-existing condition unless the policyholder knew there was something wrong with their pet which could likely lead to some investigation or treatment. In this case Mr W was clearly aware of a problem in January 2021. But while Wakam says the condition has progressively worsened since then I don't think that's correct. The problem was treated with ear drops at that time and there's no reference in the vet's notes to a further ear issue until December 2021.

I think Mr W could reasonably have thought when taking out his policy out in June 2021 the previous problem had been resolved. He wouldn't have had grounds to think there was something wrong with his dog which would likely need investigation or treatment. So even if his subsequent claim was for a pre-existing condition (and for the reasons I've explained I'm not satisfied Wakam has shown it was) it couldn't fairly turn down the claim on that basis.

Putting things right

Wakam will need to pay Mr W's claim subject to the policy limits and any applicable excess. It will also need to pay interest at 8% simple on any payments Mr W has made to his vet which are covered by his policy from the date that payment was made until the date of settlement.

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

I also agree there were delays by Wakam in progressing Mr W's claim and in responding to correspondence. I also think he'll have been caused some avoidable distress and inconvenience as a result of his claim being wrongly declined. So I agree Wakam should pay £150 in recognition of the impact of that.

My final decision

I've decided to uphold this complaint. Wakam 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 Mr W and Miss S to accept or reject my decision before 9 April 2025.

James Park
Ombudsman