

The complaint

Mr S has complained that Red Sands Insurance Company (Europe) Limited unfairly and unreasonably refused pay his claim for vet fees for his dog under his pet policy.

References to Red Sands includes all its agents.

What happened

Mr S insured his dog with Red Sands. His policy was due to renew in August 2024. Mr S duly received his renewal invite from Red Sands which showed a significant percentage premium increase.

Mr S phoned Red Sands on 12 July 2024 to discuss this. The adviser went through several options to include discussing different classes of excesses to reduce the premium and discussing a quote Mr S had obtained from another provider.

Later Mr S said he went on a comparison website and found another policy with Red Sands for the same cover with a lower premium. He said he then changed his policy to this new one and believed he had continuous cover. His new policy started on 1 August 2024. Unfortunately, his dog became ill within the first 14 days of his new policy's start date and was seen by the vet. The claim was for pancreatitis.

Red Sands said that as the claim was made within the first 14 days of Mr S' new policy, it wasn't covered. And because of this Red Sands imposed an exclusion on Mr S' policy for pancreatitis and any related issues going forward. Red Sands also explained that Mr S didn't have continuous cover as he cancelled his previous policy on 19 July (which was due to renew on 1 August) on the Customer Hub platform.

Dissatisfied Mr S brought his complaint to us. The investigator didn't think it should be upheld. Mrs S didn't agree so his complaint has been passed to me to decide.

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. I appreciate Mr S will be very disappointed, so I'll now explain why.

Pet policies generally are annual policies and depending on the cover bought, cover can be continued but only if the policy is renewed. And Red Sands' policies are no different.

So, in order to consider this matter fully, I shall do so under the following headings:

First policy renewal premium and discussion with Red Sands on 12 July 2024.

Mr S originally bought his first policy with Red Sands in 2021 which then renewed in 2022 and again in 2023 making sure Mr S had the same cover for his dog, subject to the annual policy limit.

When he received his renewal invitation in July 2024, the premium quoted had risen by a significant percentage, which caused Mr S some concern. So, he called Red Sands on 12 July 2024. I've listened to that call recording. The adviser went through Mr S' options to decrease his premium on his present policy and explained why the quote he had from another company wasn't providing the same cover he had with Red Sands.

Crucially in this call, Mr S said he would think about it and didn't make any decision at that time. And at no time did the adviser say that if he took out a new policy, he would then have continuous cover. Instead, the discussion solely revolved around how Mr S could pay a bigger excess or indeed reduce his cover on his existing policy in order to make the premium amount less.

Red Sands also explained the premium increase Mr S received for this renewal in its final response letter. It explained as pets age the risk of needing to make a claim increases, so that changes the risk profile. And further in order to keep the premium lower policyholders have to pay a co-payment towards treatment.

Essentially though, it's clear to me that all insurance premiums rose last year whatever the policy was for. Further given the increase in vet costs for equipment and medication that has also influenced issues in the pet insurance industry which is well reported in the media.

I consider Red Sands adequately explained the reasons for its premium increase. I also consider its adviser adequately explained how Mr S might reduce his premium amount on his initial policy in the call recording on 12 July. And clearly there was no communication from the adviser that Mr S was given any assurance that buying a new policy from Red Sands would then mean he had continuous cover. So, I don't consider Red Sands did anything wrong here.

Second policy and how Mr S bought it.

Mr S said he went online and found another Red Sands policy which was offering the same cover for around the same premium price he had paid for in 2023/24. He said in his complaint form to us that he then contacted Red Sands, and it was agreed that this new policy would be treated as continuous cover.

I'm afraid there is no evidence of any contact from Mr S to Red Sands at this time and no evidence that Red Sands said this new policy would indeed be any continuation of his previous cover. And without this evidence from either Mr S or Red Sands there is nothing to show me this confirmation of continuous cover was ever confirmed by Red Sands in the way Mr S suggests.

It would also be significantly unusual for Red Sands or any other pet insurer to agree to that sort of arrangement given the difference on how new business and existing business is generally priced. This is mainly to do with the fact that any new policy would exclude pre-existing conditions which makes it a significantly lesser risk to insure. Whereas existing policies which are simply renewed, depending on the renewal policy terms, would tend to include cover for ongoing conditions and therefore would carry a greater risk, hence a higher premium price too.

What I can see did happen on 19 July instead, is that Mr S appeared to cancel his original policy. Mr S however said he cancelled his auto renew option on his old policy but there is

also no evidence of that from Red Sands' system. Further, the system shows that Mr S went on to the Customer Hub on 19 July and wanted his policy cancelled from 1 August 2024. This was processed on 22 July and generated a cancellation letter being sent to Mr S also dated 22 July. The reason given on the system was that Mr S had rejoined as a 'new customer.' More crucially in both the system notes and the cancellation letter, there was no confirmation that any ongoing cover would be classed as continuous cover. Without that, there is nothing to show me what Mr S believed he had done in taking out a new policy with the same insurer amounted to any continuation of the cover he had under his original policy with Red Sands.

Therefore, I don't consider Red Sands did anything wrong seeing that Mr S cancelled his existing policy in order to 'rejoin as a new customer.' In doing that, he relinquished his previous policy and the benefits and continuous cover it could give him. Essentially therefore Mr S became a new account holder because he didn't 'renew' his previous policy.

Mr S' claim for his dog's vet fees.

So, operating under a new policy, Mr S was then subject to the terms of that new policy. Because his old policy wasn't renewed, the new policy didn't permit any claim for vet fees from an illness or accident during the first 14 days. Given the regulations under which most insurance policies operate, all new policies of this sort must provide a cooling off period of 14 days permitting the consumer to cancel if they change their minds at no cost to them. So consequently, pet policies generally to include those provided by Red Sands therefore exclude any claims made in the first 14 days of cover.

There is no dispute that the illness Mr S' dog suffered started within the first 14 days of Mr S' new policy. Therefore, given the standard exclusion it was not a claim that could be covered under Mr S' new policy. So, I consider that Red Sands did nothing wrong in declining to cover Mr S' claim.

My final decision

So, for these reasons, it's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 16 April 2025.

Rona Doyle
Ombudsman