DRN-5501268

The complaint

Miss C complains Red Sands Insurance Company (Europe) Limited has unfairly declined a claim she made on a pet insurance policy.

What happened

The details of the complaint are well known to both parties, so I won't repeat them in full again here.

Briefly, Miss C made a claim for an Aural Haematoma her dog, O, suffered in November 2024. Red Sands declined the claim as it said the condition could be linked to problems O had with his ears prior to the current policy starting in March 2024. At the same time as declining the claim Red Sands also added an exclusion to the policy for any treatment relating to this condition.

An Investigator looked at the complaint, he explained he thought Red Sands had declined the claim correctly as the veterinary evidence supported the link to previous ear issues and the policy had a term which allowed Red Sands to decline the claim.

However, the Investigator didn't think Red Sands could fairly add the exclusion to the policy as it hadn't asked a clear question about pre-existing conditions when the policy was taken out. He said the exclusion should be removed, albeit this was an administration issue now as the policy had since been cancelled.

The Investigator also recommended Red Sands pay Miss C £100 compensation to recognise the fact it could have explained more clearly why it was declining the claim. And the further upset it caused Miss C by incorrectly adding the exclusion.

Red Sands agreed with the Investigator's opinion, but Miss C didn't. She said she didn't agree the Aural Haematoma could be classed as a pre-existing condition. She said while she appreciated the compensation, she also wanted her premiums refunded.

The case 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 agree with the conclusions reached by the Investigator for the following reasons:

- While Miss C has had a policy for O each year, there was a break in cover between the last policy ending and the current policy starting. This means the cover wasn't continuous and the policy the claim was made under would be classed as a 'new' policy. It also had a different level of cover to the previous policy.
- The policy has a term which excludes any claim for a condition or illness which was

noted before the policy started. And this includes any claim for an injury, complication or condition that appears later but can be linked to the previous condition or illness. This is a very common term in pet insurance policies, and I'm satisfied it was made clear in the Insurance Product Information Document ("IPID") and policy documentation that Miss C received when she took the policy out.

- The break in cover is significant here as it now means anything O had suffered with previously, and may have been covered under any earlier policy, would now be classed as 'pre-existing'.
- Having reviewed the veterinary evidence I'm satisfied it shows that before the policy started O was reported to have a *"history of chronic ear problems and pruritus"* and it supports that the later Aural Hematoma is linked to head shaking caused by an issue with the ears.
- While I understand Miss C's point that the Aural Haematoma happened later and the previous ear issue cleared after treatment, it is the fact that O has a known issue with his ears which is important here.
- I'm satisfied based on the evidence available to me that Red Sands has correctly declined the claim in line with the terms and conditions of the policy. And the Aural Haematoma has been fairly linked to the ear issues O has, which were first noticed before the policy started.
- I think Red Sands is entitled to rely on the veterinary evidence to decline the claim, if Miss C believes this to have an incorrect reflection of O's medical history, then this is something she would need to take up with the veterinary practice directly.
- I don't think Red Sands added the exclusion to the policy fairly as it did not ask a clear question about pre-existing conditions when the policy was taken out. Therefore, no misrepresentation has taken place and under the relevant Act, the Consumer Insurance (Disclosure and Representations) Act 2012 ("CIDRA"). Red Sands is therefore not entitled to take any action to alter the policy. While the policy has since been cancelled, Red Sands should remove details of this exclusion from the policy record.
- I do think Red Sands could have been clearer in explaining to Miss C the link between the Aural Haematoma and the previous ear issues O had suffered. And why the break in cover was so significant to this matter being classed as pre-existing. By not doing so I think it caused Miss C confusion. It also incorrectly put an exclusion on to the policy which added to the impact its handling of the claim had on her. To recognise this, Red Sands should pay Miss C £100 compensation.
- I don't think Red Sands needs to refund any premiums to Miss C. Simply because this claim was declined doesn't automatically mean any other claim she may have needed to make would have been too. The policy provided cover for a range of issues and the premium was charged correctly for the time the policy was on risk.

For the reasons above, I uphold this complaint.

Putting things right

Red Sands should do the following:

- Remove the exclusion relating to the Aural Haematoma from the policy record
- Pay Miss C £100 compensation.

Red Sands must pay the compensation within 28 days of the date on which we tell it Miss C accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

My final decision

My final decision is that I uphold Miss C's complaint against Red Sands Insurance Company (Europe) Limited. I direct it to put things right as I have set out in the section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 3 September 2025.

Alison Gore
Ombudsman