

## **The complaint**

Mrs R complains that Financial & Legal Insurance Company Ltd declined a claim on her pet insurance policy.

## **What happened**

Mrs R made a claim on her policy for treatment costs after her dog needed treatment for an infection. Financial & Legal declined the claim on the basis Mrs R had not claimed within 48 hours of the initial consultation with the vet.

Mrs R complained but Financial & Legal didn't change its decision.

After Mrs R referred the complaint to this Service, Financial & Legal said it would now settle the claim, but the amount it would pay was £766.15 (£866.15 less the policy excess of £100) – not the full amount claimed of £1,451.32. Deductions were made because the amounts claimed for medication and hospitalisation were above the policy limits.

Our investigator said:

- It wasn't fair to decline the claim relying on the failure to make the claim within 48 hours.
- Although Financial & Legal had now offered to pay the claim, the limits for hospitalisation fees and medication costs are very restrictive, so they should have been highlighted in the Insurance Product Information Document ("IPID"), and it wasn't fair to rely on these limits.
- Financial & Legal should settle the claim in full, together with interest, and pay £150 compensation to Mrs R for the distress and inconvenience caused to her.

Financial & Legal didn't agree that the limits were restrictive. And it said the rules didn't require it to set out the policy limits in the IPID. It also referred to a policy term that required treatment to be given within 12 hours and, where that hasn't been done, the claim will be reduced by 50%. It said that would be relevant here.

The investigator didn't change her view, saying the cover limits should have been set out clearly, along with the overall limit of £3,000. She didn't think it would be fair to apply the 50% reduction to the claim.

As no agreement was reached, the complaint was referred for an ombudsman's decision.

I issued a provisional decision saying it was fair to apply the policy limits for hospitalisation fees and medication costs but it would not be fair to apply the 50% reduction. And I thought there should be some compensation for the distress and inconvenience caused by the way the claim had been handled. I set out my reasons as follows:

## My provisional decision

In making my decision I've taken into account relevant law, rules, guidance and standards including the Insurance: Conduct of Business sourcebook (ICOBS) and the Consumer Duty.

Amongst other things, the rules and guidance say:

- Insurers must deal with claims promptly and fairly, and not unreasonably reject a claim. They should settle claims promptly once settlement terms are agreed.
- Insurers have a duty to give consumers the information they need at the right time and in a way they can understand, so they can make good financial decisions, without having key information buried in lengthy terms and conditions. And the information should be clear, fair and not misleading. They should support their customers in making use of their policy without unreasonable barriers.

Financial & Legal's initial decision was to decline the claim because Mrs R hadn't notified it within 48 hours. The policy terms do say that on discovering any event giving rise or likely to give rise to a claim, this must be notified immediately and no later than 48 hours. If Mrs R didn't make the claim within 48 hours then, strictly speaking, she would have been in breach of this condition.

But such a short timescale may make it difficult to submit a claim. And it would be unreasonable to reject a claim relying on a strict application of a condition unless the breach caused some prejudice or prevented Financial & Legal from dealing with the claim. That wasn't the case here, and it wasn't fair to decline the claim on that basis.

I appreciate Financial & Legal has now offered to pay the claim – but that was only after the complaint was referred to this Service, and it should not have initially declined the claim. This was very upsetting for Mrs R and it's fair that she's compensated for the distress and inconvenience this caused her.

Although Financial & Legal has offered to settle the claim, it hasn't agreed to pay it in full. So I need to determine whether it's fair to make deductions from the amounts claimed for hospitalisation and medication costs.

Financial & Legal has provided some additional comments in relation to this, including:

- It has not done anything wrong in relation to the IPID; there is no requirement for the limits to be included.
- It is aware of the Consumer Duty but does not believe there is anything wrong with having the cover limits set out in the policy terms – this is standard practice, and it is not hiding things away.
- Monetary limits are not typically mentioned in the IPID or schedule.
- During the online sales process, the relevant limits are highlighted, so the customer is made aware of them before they buy the policy.

The limits for hospitalisation and medication costs were £45 and £50 respectively. These are restrictive – in this case, the amounts claimed for these came to almost £700, so this was a large deduction from the claim.

Consumers should have the information they need to understand how the product works, and key information should not simply be included within lengthy terms and conditions. A customer needs to know what they can and can't claim for.

It should have been made clear to Mrs R that she could only claim these amounts, and I don't think simply including that within the policy terms would be enough for her to understand she would be limited to these modest amounts. Even if it's not a specific requirement to include these limits in the IPID, good practice would be to set out all the limits clearly – for example in the policy schedule or in a table at the beginning of the policy terms.

However, when she bought the policy, these limits were brought to Mrs R's attention. Financial & Legal has provided screenshots of the sales process, and these show she had to read and confirm these limits before completing the purchase. So she would have been made aware of these limits and would have known she was buying a policy that limited her to claiming these amounts.

In these circumstances, I think it was fair to apply the limits.

I don't think, however, it would be fair to then apply the 50% reduction to the claim. Financial & Legal has said the problem needed to be dealt with as soon as possible and any delay in treatment could result in the need for further treatment. But it hasn't provided persuasive evidence that was the case here. Looking at the circumstances and the treatment given, I don't think the delay caused any prejudice to Financial & Legal's position. And I note that, despite making those points, Financial & Legal has said the offer of £766.15 stands.

Taking all of this into account I think a payment of £766.15 is a fair way to settle the claim.

### **Replies to the provisional decision**

Financial & Legal had no further comments to add in reply to the provisional decision.

Mrs R has provided some further comments, including:

- She acted responsibly and arranged for treatment promptly. The fee for the initial consultation was less than the policy excess, so there was no reason to claim at that point. Once it was necessary to make a claim, she did so.
- Financial & Legal's position kept changing, with different reasons given for refusing the claim. Its communication was poor and she had to chase for updates.
- She understood "medicating your pet" to mean aftercare treatment or medication, not medication given during surgery. The policy wording is unclear and open to interpretation.
- She bought a policy with a cover limit of £3,000 but the various other limits within the policy terms make this meaningless.

### **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.

I've considered Mrs R's comments but these don't persuade me to change my provisional decision, for the following reasons:.

- While I note her comments about medication, I think the information provided was clear enough that she only had cover of £50 for medication costs, and that would be for any medication costs.
- I don't think the policy limits made the overall cover limit of £3,000 meaningless, given that there could be circumstances where the overall treatment costs are higher, and she would have the benefit of cover up to that limit.

- I agree the way the claim was handled was upsetting for Mrs R and she was caused some inconvenience, but I think the compensation of £150 already recommended would be a fair way to acknowledge that.

So, for these reasons and the reasons set out in my provisional decision, I think Financial & Legal should pay the amounts set out below.

### **My final decision**

My final decision is that I uphold the complaint and direct Financial & Legal Insurance Company Ltd to

- If it hasn't already done so, pay £766.15 to settle the claim and, if Mrs R has already paid the vets' fees, pay interest on this from the date she paid them to the date of payment at 8% a year simple.\*
- Pay compensation of £150 to Mrs R for the distress and inconvenience caused to her

\*If Financial & Legal Insurance Company Ltd considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs R how much it's taken off. It should also give Mrs R a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 1 August 2025.

Peter Whiteley  
**Ombudsman**