

The complaint

Mr M complains that Red Sands Insurance Company (Europe) Limited declined a claim in his pet insurance policy and said the policy was void.

What happened

Mr M took out a policy for his dog, underwritten by Red Sands, in November 2024. He made a claim on the policy in December. He was asked for details confirming his dog's breed, including any DNA results, which he provided. He made another claim in January 2025.

The claims were not paid. In February 2025 Mr M's dog needed cruciate ligament surgery. When he contacted Red Sands about this, he was then told none of the claims would be paid and his policy was void, because the DNA results showed his dog's parentage included a small percentage of a breed that it wouldn't cover. The premiums Mr M had paid were refunded.

Mr M complained. He said DNA tests were unreliable and his dog's a French bulldog crossed with a Staffordshire terrier, which are breeds that would be covered.

Red Sands says it voided the policy in accordance with its underwriting guidelines, which exclude cover for dogs with any proportion of a prohibited breed.

Our investigator said it wasn't fair to void the policy, because Red Sands had received the DNA results in December 2024 but didn't declare the policy void until February 2025. If it had told Mr M earlier, he could have got another policy elsewhere but instead he had to fund the treatment himself.

The investigator recommended that Red Sands reinstate the policy and consider the claims, in line with the policy terms and any premium payable; and pay compensation of £300.

Red Sands didn't accept the investigator's view. It said the decision was made in line with its underwriting guidance. Mr M was happy with the findings but asked what would happen about the new policy he had taken out.

After considering the further comments, the investigator said her view hadn't changed, except that Red Sands should also refund the premiums for Mr M's new policy if he chose to cancel this.

Red Sands maintains that its decision was fair and has requested an ombudsman's 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 industry rules and guidance say insurers must deal with claims promptly and fairly, and not unreasonably reject a claim. They should give consumers the information they

need at the right time and in a way they can understand, so they can make good financial decisions. And the information should be clear, fair and not misleading.

It's for insurers to decide what risks they want to accept and they will consider this when deciding whether to offer a policy. Red Sands says it doesn't insure any breeds that are listed as excluded or banned, including any dogs that have a percentage of these breeds in their genetic makeup.

I appreciate Red Sands doesn't wish to insure certain breeds. When Mr M bought the policy he gave the breed that he says was correct. After the policy was in force, Red Sands asked for confirmation of the breed, including DNA results. Mr M says he hadn't had a DNA test done but the previous owner had. He forwarded the information to Red Sands in December 2024. Those results indicate his dog's parentage includes a proportion of a breed that wouldn't be covered.

Mr M is adamant that his dog is a French bulldog crossed with a Staffordshire terrier. But even if that's not correct, it was for Red Sands to decide, based on the information it had about the dog's breed, whether it was covered. Red Sands had the information it needed in December 2024 to decide whether it wanted to continue the policy.

Red Sands has explained that it was reviewing the tolerance threshold for banned breeds. It decided not to cancel the policy immediately, as there was a possibility the underwriter might change the criteria, but that didn't happen.

If Mr M's dog was of a breed that wasn't within the underwriting criteria, Red Sands could potentially say it wasn't prepared to offer insurance. But it chose not to do that at the time. I appreciate it was awaiting the outcome of its review, but Mr M wasn't aware of that. As far as he was concerned, he had provided all the information requested and had a contract of insurance on that basis.

There needs to be certainty for consumers, and an insurer should act if it has information that would have affected its decision whether to offer a policy. The only exception might be where an insurer makes it very clear that it's dealing with a claim while carrying out an investigation or reviewing the policy – in other words, telling the consumer it has effectively reserved its right to void the policy.

Red Sands had the DNA information in December 2024 but didn't void the policy until 26 February 2025. It could have made a decision in December. Or, if it wished to await the review, it could have told Mr M. He could then have decided whether to continue with the policy while he waited for the outcome of the review or find a policy with another insurer. Because he wasn't told, he lost the opportunity to do that. He's now found another policy but this doesn't cover pre-existing conditions. So he's unable to claim for the treatment costs. I don't consider it fair that he should lose out because he wasn't given information about his policy.

Mr M has been paying for his new policy and doesn't believe he should have to continue paying for that one and pay for the Red Sands policy. If his Red Sands policy is reinstated, the new policy cancelled, and the correct premiums paid, then he's back in the position he would have been in if the policy hadn't been voided. As this was a lifetime policy, it should continue on that basis, provided Mr M continues to renew the policy and pay the premiums. That would be a fair outcome.

Being unable to claim was very upsetting for Mr M, He was put to the trouble of having to find another policy and upset that this wouldn't cover the existing problems. I agree he should be compensated for the distress and inconvenience caused.

Putting things right

Red Sands needs to:

- reinstate the policy (subject to Mr M making any payment needed to bring the premiums up to date) and allow it to continue at renewal;
- remove any record of the voidance;
- consider Mr M's claims on the policy in line with the relevant policy terms, including any policy limits and excess;
- reimburse Mr M for the premiums for his other policy (subject to evidence of this policy being cancelled and of the premiums paid); and
- pay £300 compensation to Mr M for the distress and inconvenience caused

My final decision

I uphold the complaint and direct Red Sands Insurance Company (Europe) Limited to take the steps and pay the compensation set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 14 August 2025.

Peter Whiteley
Ombudsman