

## **The complaint**

Ms P has complained about her pet insurer, Red Sands Insurance Company (Europe) Limited ('Red Sands'), changing its terms and conditions and no longer covering pre-existing conditions.

## **What happened**

In July 2023 Ms P purchased pet insurance for her dog with Red Sands. She previously had insurance with another insurer but wasn't happy with the high premiums she was asked to pay and decided to switch. Before she took the policy out, Ms P contacted Red Sands and asked it to confirm whether it would cover her dog's pre-existing conditions. As she was satisfied with the responses Red Sands provided, she decided to proceed.

When the policy renewed in July 2024, Red Sands wrote to Ms P and said it was updating its terms and conditions and would no longer offer cover for pre-existing conditions. Ms P wasn't happy about this and complained. She said that she felt the policy had been mis-sold and that Red Sands would have known at the time when she first purchased the policy that it was planning on making these changes to its terms.

Red Sands didn't uphold the complaint about changing its terms and conditions and said this was a business decision. But it agreed that its customer service sometimes fell short of its expectations and apologised.

Ms P then brought her complaint to our service. She said she wanted Red Sands to honour the original policy conditions which led to her purchasing the policy in the first place. If not, she wanted a refund as she considered the policy to be worthless.

One of our investigators reviewed the complaint but didn't think it should be upheld. He agreed that ultimately the change in the terms was a commercial decision Red Sands was entitled to make.

Ms P didn't agree and asked for an ombudsman's decision. The matter was then 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.

Ms P believes the policy was mis-sold and that it became worthless once Red Sands decided it would no longer cover pre-existing conditions.

Those who sell insurance are expected to provide information which is clear, fair and not misleading so that those who purchase insurance can make an informed decision. So, in deciding whether a policy was mis-sold I need to firstly consider what information was available to the customer, Ms P in this case, before they took their policy out.

Ms P contacted Red Sands in July 2023 by email and provided her dog's clinical records and asked which if any of her dog's clinical conditions it would look to exclude from cover if she were to purchase a policy from it. She specified that she was looking to cancel her dog's existing policy and to purchase one with Red Sands.

Red Sands responded to say that after considering the records it would add exclusions in relation to five conditions. It also clarified that exclusions would be reviewed if the pet was free from any clinical sign or symptom for 24 months or more. It also provided the dates that those reviews would take place with a specific date for each condition.

Ms P said that it was based on this email that she decided to proceed and purchase the Red Sands policy.

The policy terms which applied in 2023 stated that pre-existing conditions were not covered but Red Sands could start covering them again if they hadn't needed or recommended to have treatment from the policyholder or vet in the previous 24 months. The policy also excluded chronic conditions. These exclusions were also mentioned in the insurance product information document (IPID) and the policy schedule.

Overall, I think the information Red Sands provided before Ms P took the policy out was clear, fair and not misleading. I also think it was accurate at the time and for these reasons I don't think the policy was mis-sold in 2023.

When Red Sands contacted Ms P in July 2024 about the renewal it said that it removed the 24-month period for pre-existing conditions meaning that they would not be covered by the policy. I think this was sufficiently highlighted and therefore came to Ms P's attention easily. And I also thought it was clear and not misleading. This change is also in the policy terms and conditions and highlighted in the IPID.

Ms P was understandably unhappy that pre-existing conditions were no longer covered. She said that Red Sands would have known of the impending changes to its policy at the time when it sold her the policy in 2023. I have considered what Ms P has said, but I haven't seen any evidence that the staff that Ms P spoke to would have been aware that the business had decided to change its terms the following year. And from what I have seen, the changes were made a few months after Ms P bought the policy. Ms P was unhappy that she didn't find out about this change for several months but the changes did not affect her policy until renewal so I would not have expected Red Sands to make her aware until closer to her renewal.

I appreciate Ms P says she would not have taken the policy out had she known that pre-existing conditions would no longer be covered. I think this is understandable. At the same time, I think the decision to amend the policy terms is a commercial decision that Red Sands is entitled to make and not one we would interfere with as long as its communication was clear and enabled the consumer to make an informed decision before renewal. And, as I

said above, I thought Red Sand's communication was clear.

I appreciate Ms P also wanted us to compel Red Sands to tell us when it made this decision. I think this is something that is sensitive information and goes to Red Sands' internal decision-making processes on how it runs its business which is again not something we would interfere with. Our remit is limited to reviewing individual complaints rather than general business decisions. This would fall more within the remit of the regulator.

I note that when Ms P took the policy out, Red Sands told her it would place exclusions regarding five conditions but those exclusions were not in the policy schedule. Red Sands said that it didn't apply any exclusions because Ms P didn't make any claims and that it would have reviewed this if/when a claim was made. Ms P says that some conditions would have been covered before renewal and were due for review in November and December 2023. Our investigator asked Red Sands why no exclusions were placed on the policy. It said it was unusual for it to review medical records before starting a policy and normally those would only be reviewed when a claim was made. It said had a claim been received, it would have been reviewed on its own merits. It added that if a claim was received for a particular condition and there was a significant gap between previous treatment, it may have considered it to be a new condition and agreed to cover it. It also emphasised that chronic conditions were not covered under the 2023 and 2024 policy terms and that if a condition was continuous and recurring it may have been considered to have been a chronic condition in any event.

As Ms P didn't make any claims, on balance, it isn't possible for me to conclude that what Red Sands has done is unfair. If a claim had been made it may well have agreed to cover it depending on the individual circumstances including the cause of the condition, when the dog last had treatment etc. And if a claim was rejected due to a pre-existing condition this is something we would have been able to assess on its individual merits if Ms P was unhappy with Red Sands' decision.

Ms P mentioned that she also considered it onerous that Red Sands amended its terms to say that upon cancellation the whole premium would be due if a claim had been made in the policy year. Again, this is something I will have been able to consider had Ms P made a claim and been unhappy about Red Sands' charges. Nevertheless, I'm not able to award compensation for something that hasn't happened.

I appreciate Ms P will be disappointed with my decision and, as I said, I understand why she was unhappy with Red Sands' decision to change its policy terms on renewal. But for the reasons I gave above on balance, I think overall Red Sands has acted fairly and reasonably in the specific circumstances.

### **My final decision**

For the reasons above I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 6 October 2025.

Anastasia Serdari

**Ombudsman**