

DRN-6124303



### **The complaint**

Miss E has complained that U K Insurance Limited trading as Direct Line (UKI) unreasonably refused to reinstate her lifetime pet policies when she failed to make a premium payment in March 2025. Instead it unfairly offered her new policies where the cover excluded any pre-existing conditions her pets had.

## **What happened**

Miss E has three pet policies for her dogs since 2019, which renewed each year covering all pre-existing conditions. Given Miss E is on benefits and cared for her two disabled children there were times when Miss E acknowledges she was late with her premium payments, but she always made it up.

One of Miss E's sons died in November 2023 which then caused some of her benefits to be withdrawn and reorganised which caused her to simply have no money for a little time. In September 2024 Miss E then reached retirement age and her benefits were again changed to take account of receiving her pension and pension credits which again left her waiting for things to be adjusted which weren't sorted out until December 2024. Miss E explained the stress of her son dying along with the changes in her income caused her to be extremely stressed at time, to include being very unwell. In July 2024 she fell and was found to have fractured several vertebrae in her spine along with being diagnosed with osteoporosis. In December 2024 she ended up in hospital with stomach problems from pain relief medications. At some other time possibly after March 2025 Miss E said she collapsed in the vets premises and needed CPR.

Miss E then missed a premium payment in March 2025. On this basis UKI cancelled her policies and said it couldn't reinstate them. Miss E said she showed her bank statements to UKI to prove she had always caught up with her premium payments but it told her it couldn't reinstate her policies.

Instead, it offered her new policies which would mean any pre-existing conditions her dogs had, wouldn't be covered going forward. Miss E said she reluctantly accepted this. As a condition of taking on these dogs from a rescue centre, Miss E said she was told she should have pet insurance for them and she had agreed to this.

UKI did attempt to support Miss E at this time by paying two claims she had submitted at the time it cancelled her policies minus the premium amount owed it said she owed as a gesture of good will. Miss E said that she had actually paid that premium amount to them but it had cancelled her policies by then and wouldn't reinstate them with this premium payment. She doesn't believe this premium amount should have been taken off the payment of these claims consequently.

Miss E complained as other claims she needed to make were not now covered but UKI wouldn't change its stance so she brought her complaint to us. The investigator was of the view that it should be upheld. UKI disagreed so Miss E's 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 upholding this complaint along the same lines as the investigator. I'll now explain why.

UKI said Miss E was late with premium payments and/or her direct debit failed on 13 occasions from 2020 through to the payment due in March 2025 which caused the cancellation of the policy. It also said it happened at least once every policy year too. It further said on five occasions this resulted in a cancellation warning letter. And in most of those instances Miss E phoned up to make a payment.

I consider in all of those instances except March 2025, Miss E actually did phone up to make a payment as otherwise her policy would have been cancelled. So the truth is Miss M didn't phone up to make the payment manually on only one occasion which is the March 2025 warning letter. UKI is fully aware of our stance that if you are going to cancel a policy its appropriate to use at least more than one form of communication. This is because of course letters do get lost in the post, sadly and increasingly. So we would expect to see a letter being sent by post and maybe a phone or text message and/or an email communication too. I haven't seen any evidence of that second form of communication, however. Miss E said if she had had a phone call from UKI she would have been able to sort out the payment, even borrowing if needs be, which she had done previously.

UKI said Miss E first made contact on 16 April 2025, which is where UKI then made its offer to sell her new policies. So on the one hand UKI points to the many times Miss E missed out her premium payment to include pointing to the terms in the policy surrounding the issue that obviously non-payment of any premium would force a cancellation of the policies. It further accepts that Miss E had a pattern of contacting it on these four previous occasions also but that she didn't on this occasion. But on the other hand it decides to offer her new policies for her dogs thereby ostensibly continuing possible issues with future premium payments. Plus and most importantly the cover for her dogs was then significantly reduced given the lack of continuing cover for any pre-existing conditions.

UKI is aware that its internal systems don't permit the production of copy correspondence to be regenerated so it makes it all the harder for it and indeed anyone else to see clearly when letters were sent and when possible calls were made and received also. However I've seen no system evidence that UKI made any attempt to phone Miss E when the premium payment in March 2025 failed to be made.

I don't actually consider offering Miss E new policies was rational from UKI's point of view given how much it had detailed the premium payments issues. I also don't consider it was fair to Miss E as in essence she is paying a premium for significantly less cover, when if UKI had used a second method of communication, then it was highly likely Miss E would have paid the premium so cover could continue.

I do appreciate and acknowledge UKI then paid two claims on a goodwill basis once it understood the position and what Miss E had been through. Like the investigator that is factored into the compensation payment which I shall discuss below. But the fact remains that it's wholly unfair not to reinstate Miss E's policies on the basis UKI remains happy for Mrs E to be a policyholder despite her premium payment history.

Therefore I now consider UKI should reinstate Miss E's policies and go through the claims she has made on her present policies to ensure they are now considered against her original cover and if needs be adjust them. Obviously I don't know at this stage what claims Miss E had or indeed has, or indeed what claims UKI will accept now, so on this basis I can't award any interest which might prejudice any future complaint Miss E might need to make. However I trust UKI will do the right thing if it seems interest might need to be awarded in any of the circumstances. The premium Miss E has paid for her new policies needs to be taken into account also. UKI should also reconcile the fact that Miss E said she did pay the premium due in March 2025 albeit too late also. On Miss E's testimony it's apparent it might have wrongly deducted this premium payment when it dealt with her claims on a goodwill basis. So UKI should clearly set out what Miss E paid and when.

Given UKI did try to help albeit too late to retain Miss E's level of cover, like the investigator I consider the compensation payment of £250 to be fair and reasonable here, as it's in line with our approach to compensation more fully detailed on our website. Had UKI not helped at all then this compensation would be significantly higher too.

## **My final decision**

So, for these reasons, it's my final decision to uphold this complaint.

I now require U K Insurance Limited trading as Direct Line to do the following:

- Reinstatement of Miss E's policies which were cancelled in March 2025.
- Consider all claims that Miss E has submitted under her new policies against the cover in her original policies and adjust them if needed, less any extra premium Miss E would have paid had her original policies not been cancelled.
- Pay Miss E the sum of £250 compensation for the distress and upset it caused her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 16 March 2026.

Rona Doyle  
**Ombudsman**