

The complaint

Mr C complains Red Sands Insurance Company (Europe) Limited has unfairly settled a claim he's made on his pet insurance policy following treatment undertaken on his dog.

What happened

Red Sands is the underwriter of this policy, i.e. it's the insurer. Part of this complaint concerns the actions of its agents for which Red Sands has accepted responsibility. Any reference to Red Sands includes the actions of its agents.

The background to this complaint is well known to the parties and has been previously documented by our Investigator so I'll only provide a summary here.

- Mr C's dog was insured under a pet insurance policy underwritten by Red Sands.
- The dog had been experiencing some vestibular symptoms and was initially taken to a vet for examination. The dog was then referred on to a specialist veterinary centre for further investigation. The symptoms progressed fairly quickly and the dog was diagnosed with a brain tumour. The decision was made to euthanise the dog.
- Mr C made a claim on the policy but he says Red Sands didn't pay him everything it should have.
- Mr C believes the policy should have paid him £3,500 towards the treatment but says he only received £1,154 leaving him to pay the remaining £4,100 by taking out a personal loan. Unhappy with this and with poor communication, he complained to Red Sands.
- Red Sands maintained its position on the claim and so Mr C raised a complaint with this Service. Our Investigator considered things and concluded Red Sands had settled the claim fairly and in line with the policy terms. She passed on an offer which Red Sands had made to settle part of the claim by paying Mr C £175.
- Mr C didn't think the offer was fair and asked an Ombudsman to reach a 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.

I understand the circumstances which led to the claim at the heart of this complaint will have been very difficult for Mr C and I empathise with him for all he's been through, particularly the death of his pet dog. I'd like to start by explaining that my role requires me to consider the complaint from an independent and unbiased perspective and this may mean my decision, at times, sounds dispassionate and business-like. I mean no disrespect by this, it merely reflects the nature of my role.

In considering this complaint, I've taken account of relevant law, regulations, regulators' rules and guidance and standards, relevant codes of practice and what I consider to be good industry practice. The relevant industry rules and guidance say insurers must deal with claims promptly and fairly, support a policyholder to make a claim, and not unreasonably reject a claim. They should settle claims promptly once settlement terms are agreed.

What does the policy say?

I've carefully considered all the policy documentation. Mr C's dog was insured under a "Max Value" policy. Our Investigator provided copies of relevant parts of the policy when she provided her answer on the complaint. So, there's no need for me to reproduce these here or repeat verbatim the exact policy wording and I'll refer to them in summary only.

The policy documents show there is a £1,000 limit for claims relating to vet fees per condition.

What was diagnosed?

I've carefully reviewed the vet's notes, and from what I've seen, the dog was initially diagnosed with hypothyroidism and latterly a brain tumour.

Hypothyroidism

Mr C's vet submitted a claim for hypothyroidism for £454.08. Red Sands accepted this part of the claim and made a number of deductions from this figure to reach the settlement figure of £209.12.

The document "Important Information on Vet Fee Claims Limits" explains there's a limit of £200 for consultations and £21 for blood samples so I think the deductions Red Sands made for the parts over these amounts was fair. And it was fair for it to deduct the £99 excess which is payable on vet fee claims, and is detailed in the policy schedule.

Having carefully considered the policy documents, I'm satisfied the deductions Red Sands made were in line with the policy terms.

Brain tumour

Two further claims were made after the one detailed above. The first was for £443.16 in connection with the vestibular symptoms and the second for £5,205.81 relating to the diagnosis of a brain tumour. While two claims were made, from the medical notes I have available, only one condition was diagnosed – the brain tumour. Because of this, it seems to me more likely the vet thought the vestibular symptoms were related to the brain tumour rather than a condition in their own right.

So, I think it was reasonable, Red Sands treated the two claims as relating to the one diagnosed condition and therefore applied a vet fees limit of £1,000 in line with the policy terms.

Red Sands paid Mr C £344.16 and £655.84 for this treatment, totalling the vet fee policy limit of £1,000. Given what I've said above, I'm satisfied this is fair and in line with the policy terms.

Euthanasia and cremation

The Document "Important Information on Vet Fee Claims Limits" explains the policy will pay out a maximum of £116 for euthanasia. But it's important to note, this benefit sits within the £1,000 vet fee limit and Red Sands has already paid out the policy limit under this section for the brain tumour which led the dog to be euthanised. So, I can't reasonably tell it to pay more.

There's no cover for cremation in the policy.

So, I'm satisfied Red Sands don't need to pay anymore for these items.

Death benefit

Section B of the policy details the cover if a pet dies or is put to sleep. This explains the policy will pay out a percentage of the £500 limit depending on the dog's age, subject to the provision of proof of purchase. Mr C was unable to supply this, so I'm satisfied Red Sands initial decline of this part of the claim was fair.

That said, it has now made an offer to settle this part of the claim by paying Mr C £175. The policy shows the cover for a dog the age of Mr C's is 35% of the £500 policy limit which is £175. I'm therefore satisfied this is a fair and reasonable offer in the circumstances.

Conclusion

I'm sorry to disappoint Mr C, but having considered things very carefully, I don't agree Red Sands has underpaid him by the amount he believes, for the reasons I've explained above.

And while I recognise Red Sands communication and customer service was below what it should have been, looking at things holistically, I think the £175 it's offered to pay Mr C to settle the complaint – which wouldn't strictly be required under the policy terms – is a fair way for it to make up for its shortcomings.

My final decision

Red Sands Insurance Company (Europe) Limited has already made an offer to pay £175 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Red Sands Insurance Company (Europe) Limited should pay Mr C £175.

Red Sands Insurance Company (Europe) Limited must pay the compensation within 28 days of the date on which we tell it Mr 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.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 29 May 2026.

Paul Phillips
Ombudsman