

complaint

Miss D is unhappy that Red Sands Insurance Company (Europe) Limited wouldn't pay a claim she made under her pet insurance policy because it was for a pre-existing condition. It's also placed an exclusion on her policy for that condition.

background

Miss D made a claim on 27 April 2015 for treatment of a meibomian gland cyst on her cat's eye. Red Sands rejected the claim because it said the condition was pre-existing when the policy was taken out. This was based on what Miss D had said in her statement when making the claim: she'd indicated she'd first noticed what she believed to be a mole about 3 years before. But she later stated that she had no idea it was a cyst.

The adjudicator recommended that Red Sands should pay the claim, together with interest. This was because although Red Sands had asked Miss D a clear question about existing conditions when the policy was being taken out (and she had said there weren't any), the adjudicator didn't think Miss D was aware that the 'mole' was actually an existing condition or cause for concern, and so it shouldn't be regarded as pre-existing. The adjudicator also initially recommended that the exclusion should be removed. She subsequently clarified that it should not be applied from the start of the policy, but could be added from the first renewal period after the condition was diagnosed – although only after the end of the 365 days from the date of occurrence of the condition (in accordance with the policy terms relating to annual cover limits for particular conditions).

Red Sands didn't agree that the claim should be paid, and so this has come to me for a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Miss D has said that she first noticed what she thought was a mole or a skin tag about 3 years before the 2mm cyst was diagnosed and removed (after symptoms appeared), and she made her claim. But there was nothing to suggest to her that this was a problem, or might require treatment in the future; and she didn't take the cat to the vet for it at the time.

The policy does say that pre-existing conditions aren't covered. But even though the meibomian gland cyst was later diagnosed, I don't think it's reasonable to treat this as a pre-existing condition in this case. This is because, at the time Miss D first noticed it, she had no reasonable cause for concern and wasn't in a position to know that it might be a problem in the future. That also means that I don't believe Miss D answered incorrectly when she was asked whether the pet had *'any existing conditions at all'*, when she took out the policy.

Under the circumstances, I think it's reasonable that Red Sands should pay the claim, with interest.

RSA has shown underwriting evidence that it wouldn't cover the condition if that was pre-existing when the policy was taken out. So while I don't believe it should be regarded as pre-existing, now that the condition has been diagnosed, I think it's fair that the exclusion be applied from the next renewal period after the diagnosis – but only after the end of the 365

day period from the date of occurrence leading to the diagnosis of the condition (in accordance with the terms of the policy relating to annual cover limits).

my final decision

For the reasons I've given, it's my final decision that I uphold this complaint.

I require Red Sands Insurance Company (Europe) Limited to pay the claim, together with 8% simple interest on that amount (less tax, if properly deducted), calculated from the date of the claim to the date of settlement. The exclusion should only be applied with effect from the expiry of the 365 day limit from when the condition occurred.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 18 February 2016.

Helen Moya
ombudsman