

## **complaint**

Ms E is unhappy that she was unable to renew her two pet insurance policies because the underwriter had withdrawn from the market.

The policies Ms E held were administered by BDML Connect Limited (BDML). This complaint focuses on how Ms E's policy was represented and sold. As a result, the complaint has been considered against BDML Connect Limited.

## **background**

The circumstances of this complaint are laid out within my provisional decision issued 7 June 2013, which stated:

### **complaint**

*Ms E is unhappy that she could not renew her two pet insurance policies because the underwriter had withdrawn from the market and her broker could not find an alternative insurer to underwrite the policies. Ms E states that this left her unable to obtain alternative cover with another insurer.*

*Her pet insurance policies were administered by BDML. This complaint focuses on how Ms E's policy was represented and sold. As a result, the complaint has been considered against BDML.*

### **background**

*Ms E purchased two pet insurance policies, one for her cat and another for her dog. At the end of April 2011 BDML sent Ms E a letter stating that its underwriter had withdrawn from the pet insurance market and that it had been unable to find an alternative underwriter to take on the policy. As a result, it advised Ms E that the policy for her cat would not be renewed.*

*Ms E was on holiday when this letter was sent and she did not receive it until May 2011. Whilst on holiday she took her cat to a vet who noted that it was underweight. However, upon returning to the UK, Ms E did not seek treatment straightaway because her insurance cover had ended. Ms E did not obtain alternative insurance because she had been advised by BDML, over the telephone, to wait until September 2011 to see if it was able to source an alternative underwriter.*

*In July 2011 the cat became very unwell so Ms E took it to a veterinary clinic where a mass was discovered in its abdomen. Antibiotics and palliative care were carried out. However, no improvement was seen and later that month the cat was put to sleep. Ms E believes that if her policy with BDML had renewed then she would have been able to carry out further investigations and treatment which may have prevented the cat being put to sleep.*

*In August 2011 Ms E received a letter from BDML regarding her dog's policy. Again, BDML explained that its underwriter had withdrawn from the market and it was unable to renew the policy in September 2011.*

*Ms E was unhappy with this because her dog had ongoing back problems and she knew that the condition would be considered pre-existing with other insurers.*

*Ms E raised her dissatisfaction with BDML but as a resolution could not be reached she made a complaint with this service. The complaint was considered by one of our adjudicators who was of the opinion that it should be upheld.*

*The adjudicator believed that Ms E had every intention of renewing the policy each year; however, she did accept that BDML had no obligation to renew the policy each year because it was actually only a 12 month annually renewable policy. The adjudicator was though of the opinion that the sales leaflets which prompted Ms E to purchase cover for both her cat and dog gave the impression that the policy would provide cover for life. She accepted that the phrases 'lifetime' and 'lifelong' cover were not used but she was nevertheless of the opinion that, together with the policy wording, Ms E had a reasonable expectation that the policy would provide lifetime cover. She further stated that if the sales literature and policy documentation had been clearer, then Ms E would have had the opportunity to consider other options for funding veterinary fees.*

*The adjudicator concluded by stating that she felt Ms E had been disadvantaged by BDML's failure to clearly describe the limits of its commitments, both at the point of sale and in subsequent policy documentation. She recommended that BDML award Ms E with £700 compensation in respect of her cat. This represented £200 for the general distress and inconvenience experienced and £500 in regards to the potential premature death of the cat.*

*With regards to Ms E's dog, the adjudicator recommended that BDML continue to provide cover, in line with the original policy terms and conditions, for the dog's ongoing back problems for the rest of its life. She added that Ms E should obtain alternative insurance with another provider to cover all other conditions and that BDML should also reimburse any costs incurred in respect of the ongoing condition whilst this matter has been in dispute. In addition, she recommended £200 compensation for the distress and inconvenience experienced.*

*BDML disagreed with our adjudicator and noted that the sales literature made no reference to lifelong or lifetime cover. It also pointed out that the policy schedule was clear in identifying that the policy was an annual contract. BDML further noted that the adjudicator had originally been of the opinion that the complaint should be rejected but had now changed her mind without any clear reason. In response the adjudicator explained that the sales literature had not been available originally and that in her opinion this information identified an expectation of lifetime cover.*

*As a resolution could not be reached the complaint has been passed to me to consider and issue a decision.*

### ***my provisional findings***

*I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.*

*I accept that the adjudicator was originally of the opinion that the complaint should not be upheld; however, her opinion was only that – an opinion. As soon as Ms E provided copies of the sales literature, the adjudicator changed her view.*

*Nevertheless, I have reviewed the sales literature myself and I too believe that it gives the impression that the policy will provide cover for the life of the pet.*

*I refer specifically to the following extract from the sales literature:*

*'What's more, as long as you renew your policy, we'll renew the amount of vet's fees benefit you receive every year. So your cat can be protected for life.'*

*The same wording is present on the leaflet advertising cover for dogs, but simply switches the word 'cat' for 'dog'.*

*I have also reviewed the policy terms and conditions and note that the following is stated:*

*'Section six*

*6.1 Veterinary fees cover*

*What is covered*

*We will pay for all reasonable and customary charges made for Treatment your pet receives in the Period of insurance for all injuries and Illnesses carried out by a Vet up to £2,500 (Silver) and £5,000 (Gold).*

*Treatment in respect of any Illness or injury can continue until the annual Vet fees limit in force at the time has been reached subject to the Policy remaining in force, being continuously renewed at each anniversary and premiums paid on time.'*

*Reading the above policy term in isolation does not persuade me to think that a cover for life policy was offered. However, read together with the sales literature, I am satisfied that Ms E did have a reasonable belief that she had purchased two policies which provided cover for life.*

*I believe that the remedy addressed by our adjudicator for both Ms E's cat and dog is fair and provides an appropriate redress. I cannot be completely satisfied that if BDML had continued to provide cover then further treatment would have been administered to the cat which could have saved or prolonged its life. However I do feel that if it had, then Ms E could have at least carried out further investigations to then make an informed decision about the cat's future. As a result of BDML failing to adequately consider the implications of advertising a policy as providing protection for life, Ms E was not afforded this opportunity.*

### ***my provisional decision***

*I uphold this complaint.*

*In respect of the policy held for Ms E's cat, BDML should award £200 compensation for the overall distress and inconvenience experienced and £500 compensation in respect of the premature loss of the cat.*

*In respect of the policy held for Ms E's dog, BDML should award £200 compensation for the overall distress and inconvenience experienced. It should also provide ongoing cover for the rest of the dog's life in respect of its medical conditions which are considered pre-existing by other insurers. Such cover should be in line with the original policy terms and conditions.*

*It is a condition of this arrangement; however, that Ms E obtains a policy with another insurer to cover any other conditions which might develop. This will demonstrate her commitment to continue purchasing lifetime cover. Ms E should provide evidence of this cover whenever BDML requests sight of it.*

*BDML should also reimburse Ms E with any costs she has incurred for such conditions whilst this complaint has been ongoing. Such costs must be settled in line with the original policy terms and conditions. Any settlement sum awarded will be subject to our usual rate of 8% interest per annum simple, less any tax if properly deductible, from the date of any bill paid until the date of settlement.”*

Following my provisional decision, Ms E responded advising that she accepts the decision I have come to. However, Ms E raised queries concerning my recommendations as she is concerned that she may not be able to find a cover for life policy with an alternative insurer.

BDML Connect Limited also provided a response to my provisional decision, in which it questioned whether an alternative arrangement settlement could be adopted. BDML Connect Limited explained that it was not an insurer and as such is not regulated to underwrite an insurance policy within the UK or Southern Ireland.

### **my findings**

I have considered the points raised by both parties and I shall address each separately.

Having researched the policies that are currently available on the market, I am satisfied that Ms E should be able to obtain a new insurance policy that will provide on-going cover for her dog.

This is a condition I have placed on the settlement of this complaint, as I consider that this will demonstrate Ms E's commitment to continue to purchase lifetime cover for her dog, as she would have continued to do under the terms of her old pet insurance policy.

If Ms E chooses not to accept a new policy or chooses to cancel the policy in the future, BDML Connect Limited will no longer be obligated to provide cover for any on-going conditions her dog has. This is because, I would view these actions as a sign that Ms E no longer wishes to insure her dog, therefore, no further cover should be provided.

Whilst I appreciate Ms E's concerns that any future insurer may also choose to withdraw from the market, I am unable at this time to make any judgment as to how such a situation would be rectified. The decision I have come to is based on the circumstances of the complaint at hand, any future issues that may affect this matter will need to be reviewed at the time they arise.

I have noted the comments made by BDML Connect Limited; however, I do not consider that an actual alternative insurance policy is necessary. If BDML Connect Limited is unable to make arrangements with an insurer to provide the cover I have outlined, it will have to make direct arrangements with Ms E as to how she will advise it of future claims in order for BDML Connect Limited to arrange settlement.

After reviewing the points raised by both parties, I see no compelling reason to depart from my provisional decision.

## **my decision**

I uphold this complaint. BDML Connect Limited should award the following in respect of each pet:

### Cat

£200 compensation for the overall distress and inconvenience experienced and £500 compensation in regards to the premature loss of Ms E's cat.

### Dog

BDML Connect Limited must provide ongoing cover for the rest of the dog's life in respect of his medical conditions which are considered pre-existing by other insurers. Such cover should be in line with the original policy terms and conditions.

It is a condition of this arrangement, however, that Ms E obtains a policy with another insurer to cover any other conditions which the dog might develop. Ms E should provide evidence of this cover whenever BDML Connect Limited requests sight of it.

BDML Connect Limited should also reimburse Ms E with any costs she has incurred for such conditions whilst this complaint has been ongoing. Again, such costs will be settled in line with the original policy terms and conditions. Any settlement sum awarded will be subject to our usual rate of 8% interest per annum simple, less any tax if properly deductible, from the date of treatment until the date of settlement.

In addition, BDML Connect Limited should award £200 compensation for the overall distress and inconvenience experienced.