

The complaint

Mr B complains that Great Lakes Insurance SE has unfairly applied his policy excess to his pet insurance claim.

Great Lakes is the underwriter or 'insurer' for this policy. The claim and complaint handling was carried out by Great Lakes' agent. My references to Great Lakes include its agent.

What happened

Mr B had a lifetime pet insurance policy with Great Lakes. The policy had an excess of £99 per year if any claims were made.

In June 2022 Mr B's dog needed vet treatment for an ear infection costing £64.43 and £27. In July 2022 the dog had vet treatment for a ripped claw costing £64.12. Through a relative, he claimed the total treatment costs of £155.55.

Great Lakes said Mr B had not made a successful claim under the policy. This was because the amounts he had claimed were under the £99 excess.

Mr B told Great Lakes that he struggles with communication due to his autism and authorised his relative to speak on his behalf.

Mr B's relative said she and Mr B had both read his policy. The policy said he had an excess of "£99 per year". So, they did not understand why Great Lakes had not paid his claim less the excess.

Great Lakes said the claims had been correctly assessed. It said:

"For a claim to be successful when an excess hasn't been deducted for that policy year, the claimed amount must be above the policy excess so it can be taken in one. This needs to be for the same condition so that we can record it correctly on our system."

Mr B came to us. He said the policy was misleading. The policy did not say he could not add vet's bills together until the £99 excess limit had been reached.

Our Investigator upheld the complaint. He did not think the policy allowed Great Lakes to apply the excess in the way that it had. He said Great Lakes should pay the amount Mr B had claimed, minus the £99 excess. He said it should also pay Mr B £100 compensation for inconvenience.

Mr B and his relative thought the Investigator's recommended settlement was fair.

Great Lakes did not agree. It asked for an Ombudsman to review the complaint, as it can do under our rules.

In summary, Great Lakes said that it charges the policy excess only once a policy year. But the first claim needs to be for more than the excess. In common with other insurers, it will

decline claims that are under the policy excess. It is not usual industry practice to add small, separate claims together. And this service has decided in a similar case that Great Lakes has fairly applied the excess. So our approach is inconsistent.

The complaint came to me for review. I issued a provisional decision explaining why I did not intend to uphold the complaint. I said:

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

I've read the terms and conditions of Mr B's policy to see whether I think Great Lakes has treated Mr B fairly.

The policy does not define the word "excess". The ordinary meaning of an excess is an amount the policyholder has to pay towards a claim.

The policy's key information says: "You might have to pay an excess towards medical treatment claims." It refers Mr B to the "Policy Wording" to check his excess, which is shown as £99 "per year".

The policy has a yearly limit of £7,000 for vet's fees and says:

We will pay up to £7,000 for all vet's fees in any one year. This means there is no limit according to the number of claims you make or the number of illnesses your pet suffers. Instead, claims will be paid until the £7,000 limit is reached that year.

Great Lakes has referred us to its website which says:

"If you make a successful claim, we will deduct the excess amount from the amount that we pay out to you or your vet."

Mr B and his relative say that Great Lakes did not explain in its policy that a claim must be more than £99 for a claim to be successful.

But I don't think Great Lakes acted unfairly when it said that for a claim to be successful it would need to be for an amount that was greater than the policy excess. If a claim is for an amount less than the excess, then nothing is payable.

It is only once Mr B has made a claim over the excess that a payment will be made. He pays the first £99 and Great Lakes pays him the value of the claim over that amount. The excess is charged only once per year. And so for any subsequent claims, there is no further excess to pay.

Mr B's relative submitted the three receipts for the dog's two conditions at the same time. But I think it was fair for Great Lakes to treat this submission as two separate claims.

The amounts Mr B had paid to treat his dog's ear infection were less than £99. The amount Mr B paid to treat his dog's ripped claw was also less than £99.

This meant that there was not any amount remaining for Mr B to make a successful claim under his policy either for his dog's ear infection or for the ripped claw.

Mr B's relative says that the policy does not say that he cannot add up the vet's bill until the £99 excess has been reached. But equally there is nothing in the policy to say that vet's bills will be added together to make one claim - or that leads Mr B to expect that to happen.

I don't think it was unfair for Great Lakes to decline the claims because they were below the excess limit. As I think the claims decisions were fair this means that I don't require Great Lakes to pay Mr B's claims or any compensation.

I know Mr B and his relative will be very disappointed with the outcome. I appreciate that they consider the way the excess was applied was not fairly set out in the policy. But I hope I have explained why I have decided not to uphold this complaint."

Great Lakes did not respond to my provisional decision.

Mr B's relative responded to say that she was very disappointed with my provisional decision. In summary, she said:

- The Great Lakes policy did not state that the excess was £99 per condition.
- If Mr B had seen the excess was £99 per condition he would have gone elsewhere as it was not the cheapest policy. It seems that Great Lakes has been deceptive by not informing its customers what they could expect. As such, Great Lakes has secured business through unfair gain. For this reason, I should find in Mr B's favour.
- I have not commented on points made by our Investigator, including the requirement for the policy to be clear.
- I have focused on the policy. But Mr B's relative's point is that the policy clearly states that there is only one £99 excess to pay per year.
- In an extract from its response to Mr B's complaint, Great Lakes referred to industry standards and it mentioned other named policies. But it did not say that these other insurers make it clear that the excess is per condition, per year. This information has been omitted from their and our investigation.
- She requests that I research the other policies and she has provided extracts for my review.
- She is not aware (and nor should she be) of previous complaints. But if there are similarities between an earlier case and Mr B's complaint then this suggests the policy has caused confusion in the past and this should be addressed to prevent confusion for future policyholders.

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 appreciate that Mr B's relative had asked to discuss the complaint. Our Investigator offered her the facility to record her comments. But I think that Mr B's relative has clearly expressed her points in writing and I do not need additional information to decide this complaint.

While I have summarised the issues, I have considered all the evidence that has been provided. Having done so, I do not uphold this complaint for the reasons given in my provisional decision and below. I will focus on the issues that I consider to be central to this complaint.

Mr B's policy does not require a £99 excess to be paid per condition. The policy is different from the other policies that Mr B's relative has mentioned and which I have read.

The difficulty here is that Mr B did not make a successful claim under the policy to allow him to pay the £99 excess. The amounts that he claimed were for two different conditions but were both under the policy excess.

If Mr B's first claim for the dog's ear infection had been more than £99 then Great Lakes

would have paid the claim less the £99 excess. His claim for the dog's ripped claw would then have been paid without the deduction of any excess. Any further claims in that policy year (that met the policy's remaining terms and conditions) would also have been paid without any excess being deducted.

This is not the case for the other policies that Mr B's relative mentions. For those policies, the £99 excess would also have applied for the second ripped claw claim and for any claims for other conditions. This is different from the Great Lakes policy that required the excess of £99 to be paid only once per year.

It follows that I think Great Lakes fairly explained in its policy that the £99 excess would apply only once per year. I am not a regulator and it is not for me to review Great Lakes' business practices. But in this case, I don't find that the information Great Lakes provided to Mr B was misleading.

I understand that Mr B's relative strongly disagrees with the outcome. I have considered what she says about Mr B taking things factually and literally due to his autism. Neither she nor Mr B found the policy to be clear.

But I think the policy did correctly say that the policyholder would pay only one excess of £99 per year. The excess is the amount the policyholder pays towards the claim. And here Mr B's contribution was under the £99 excess so he could not make a successful claim.

I have noted Mr B's relative's point about the other case to which Great Lakes referred. She says another consumer has complained about the same issue, then this would tend to support Mr B's complaint that the policy is unclear. But as I have explained I consider each complaint on its own facts and merits. And in this case, I find that I cannot fairly uphold Mr B's complaint.

My final decision

For the reasons I've explained in my provisional decision and above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 10 August 2023.

Amanda Maycock
Ombudsman