

The complaint

Mrs T complains West Bay Insurance Plc has treated her unfairly because it didn't cover the full cost of her dog's treatment under her pet insurance policy. She says West Bay failed to make her aware that the increased policy limit only applied to new conditions.

Any reference to West Bay includes the actions of its agents.

What happened

The parties are aware of the circumstances of this complaint, so I've summarised what happened.

Mrs T had a lifetime pet insurance policy for her dog. The policy was underwritten by another insurer (Insurer A). Insurer A's policy provided £4,000 cover per condition, per year – so long as the policy renewed.

The insurer of Mrs T's policy changed to West Bay. In July 2022 she was sent renewal information which said lifetime cover under West Bay's policy was £4,000 per year for all conditions. The policy also covered existing conditions.

Mrs T called West Bay to say, following the migration of her policy, she was unhappy she'd not been provided with like for like cover. She said cover changing from £4,000 per condition, per year to £4,000 for all veterinary treatment per year, was a significant change.

She said that because of her dog's pre-existing condition, she couldn't move insurers and so, she asked if she could increase cover under the policy. West Bay increased the policy limit to £10,000 for an increase in premium cost – which Mrs T agreed to.

Mrs T's dog subsequently required veterinary treatment for an existing condition. But when she submitted a claim for the treatment costs, West Bay said Mrs T's policy limit of £4,000 had been reached and so, it couldn't settle the full amount.

Mrs T complained saying she had £10,000 cover and that she hadn't been told the previous limit of £4,000 would apply to existing conditions. West Bay maintained its position but paid £50 to acknowledge it had failed to tell Mrs T this information during a call.

Mrs T remained unhappy and so, brought a complaint to this Service. An Investigator considered it and upheld it. She said West Bay's had applied the terms correctly, but it should have made it clearer to Mrs T that pre-existing conditions would be subject to a £4,000 limit. She said West Bay needed to pay £300 compensation in total to recognise the difficulties this situation had caused Mrs T.

West Bay accepted the Investigator's findings, but Mrs T didn't. In summary she said:

- She had no choice in the matter of switching insurers and was given a policy which didn't provide like for like cover.

- She had no choice but to stay with West Bay because of her dog having pre-existing conditions.
- She didn't expect to have to pay expensive treatment costs as she thought she had £10,000 cover, and she's had the embarrassment of not being able to pay bills.
- She's spent a significant amount of time dealing with the matter. The stress of it is made worse owing to a health condition.

So, the complaint was passed to me for an Ombudsman's decision. I reviewed the matter and issued a provisional decision in which I said:

"What I've provisionally 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.

At the heart of this matter is that Mrs T is unhappy that she used to have £4,000 cover per condition, per year, under her policy with Insurer A, and she no longer has that. But West Bay - as the new insurer of her pet policy - is entitled to decide what it covers, and it doesn't have to match what Mrs T previously had. If Mrs T is unhappy about losing her previous level of cover, that would be a separate complaint. What I can consider under this complaint is whether West Bay applied the terms of her policy fairly.

The starting point is the policy document which says under "upgrades or downgrades in cover level":

"This can be done mid-term or at renewal. Regardless of when you do this, if you transfer your pet to a policy with additional or higher benefit limits, the additional or higher benefit limits will not apply if signs or symptoms of a condition are present before the transfer date."

It isn't in dispute that Mrs T's dog's condition – for which he required treatment - was present before the policy limit was increased to £10,000. So, on the face of it, West Bay hasn't acted unfairly by saying it wouldn't cover costs which exceed the previous £4,000 policy limit.

But the key issue here is whether West Bay made it clear to Mrs T that the £10,000 limit wouldn't apply to existing conditions. As the term is about a change to the level of cover, it is significant and therefore, should have been brought to Mrs T's attention – but from what I've seen, I'm not satisfied it was. I'll explain why.

First, during the call where Mrs T increased the policy limit, the agent says, "conditions that started on your current policy will still be covered up to the new limit of £10,000, along with any other claim". As far as Mrs T was concerned, the policy – though with a new insurer – was a continuation of the existing policy she had taken out with Insurer A. And so, I can see why she reasonably thought the agent's reference to "current" was in relation to the policy in general and wasn't specific to when the policy migrated to West Bay.

Second, I've looked at the renewal documents sent to Mrs T after the policy limit was increased to £10,000. I note West Bay sent a "significant changes" document along with this. Whilst this document says there are new levels of cover for new and future conditions, I'm not persuaded it makes it clear any increase to the policy limit won't apply to existing conditions.

The above, coupled with the fact the relevant term is on page 17 of the policy document – and so, only likely to be seen if Mrs T had read the entire policy document means I'm not persuaded West Bay brought the term to Mrs T's attention.

Would Mrs T have acted differently?

Having established West Bay didn't make it clear the increased limit wouldn't apply to existing conditions, I've thought about whether Mrs T would have acted differently had this been made clear to her.

From the information I have, I'm not persuaded Mrs T wouldn't have gone ahead with her dog's treatment had she known the full cost of it wasn't going to be covered. I say this because it's apparent Mrs T's dog's health and comfort was of the utmost importance to her, and I think – based on what I've seen – that this would have taken precedent. And whilst Mrs T was hoping to avoid large bills, I don't think the prospect of this would have deterred her from seeking the necessary treatment for her dog.

Compensation

Whilst I'm more persuaded Mrs T would have gone ahead with her dog's treatment had she known the claim would be subject to a £4,000 limit, it still would have been an incredible shock for her to find out she wasn't covered for the amount she thought she was. And this no doubt compounded what was already a stressful situation for her. And she's told us that having outstanding bills with her veterinary practice has been embarrassing for her.

This, along with having to spend a significant amount of time dealing with the matter and the financial worry it has caused, whilst also managing her own health conditions (which are exacerbated by stress), persuades me that West Bay needs to pay an increased amount of compensation to recognise the difficulties Mrs T faced. And I'm satisfied £650 compensation in total reasonably reflects this.

My provisional decision

My provisional decision is that I uphold this complaint and direct West Bay Insurance Plc to:

- Pay £650 compensation in total. If West Bay has already paid £50 – as per its final response letter – it can deduct this amount from the compensation."*

West Bay didn't reply to my provisional decision. Whilst Mrs T still felt West Bay should have made things clearer, she accepted my findings.

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.

There's no new information for me to consider, and so, my final decision is the same as that set out in my provisional decision.

My final decision

My final decision is I uphold this complaint and direct West Bay Insurance Plc to:

- Pay Mrs T £650 compensation in total. If West Bay has already paid £50 – as per its final response letter – it can deduct this amount from the compensation.
- West Bay must pay the compensation within 28 days of the date on which we will tell it Mrs T 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 Mrs T to accept or reject my decision before 2 January 2024.

Nicola Beakhust
Ombudsman