

The complaint

Mrs D has complained that Red Sands Insurance Company (Europe) Limited unfairly declined a claim on her pet insurance policy.

What happened

On 23 April 2023 Mrs D took out a pet insurance policy with Red Sands for her dog. The policy doesn't cover illnesses which first show signs or symptoms within the first 14 days of the policy term (the waiting period). It also doesn't cover pre-existing conditions.

On 22 May 2023 Mrs D took her dog to the vet because of a cyst on his tail. She made a claim for the cost of the treatment. Red Sands declined the claim on the basis that it was a pre-existing condition as Mrs D's vet had recorded it as a reoccurrence of an earlier cyst. The vet later confirmed that the two cysts weren't linked. Red Sands then declined the claim on the ground that the dog had developed the cyst within the first 14 days of the policy. In doing so it relied on the vet's note on 22 May 2023 that the cyst had been there "*over past few weeks*".

Mrs D didn't agree. She thought the reference to "*past few weeks*" meant "*in the last two weeks*" which would be after the waiting period under her policy had ended.

As Red Sands didn't change its decision, Mrs D brought a complaint to the Financial Ombudsman Service. Our Investigator didn't recommend that the complaint be upheld. He didn't think Red Sands had acted unfairly in declining the claim.

As Mrs D didn't agree, the matter has been referred to me.

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.

Firstly I want to recognise the impact this complaint has had on Mrs D. She took out the policy to ensure she was covered financially in situations such as the one she found herself in. So it must have been a big disappointment to find that she wasn't actually covered after all.

Mrs D's policy doesn't cover an illness that occurred or showed symptoms in the first 14 days of the policy. This is a common exclusion in pet insurance policies and we don't think it's unreasonable. That means Mrs D wouldn't be covered for an illness that occurred or showed symptoms on or before 6 May 2023.

Red Sands says that the treatment costs Mrs D is claiming for are most likely for an illness that showed symptoms in the first 14 days of the policy, namely a cyst on her tail.

The issue for me to decide is whether Red Sands treated Mrs D fairly and reasonably in coming to that conclusion.

In order to reach a decision I've considered the vet's evidence carefully. The vet's notes for 22 May 2023 state:

"Recurrence of tail head cyst, over past few weeks has been filling and then rupturing. About 2.5cm diameter. Sebaceous material able to extract but very swollen/thick. Adv cleaning with dilute salty water and hot compresses to reduce swelling but INI at 10 days may need to remove under GA."

It's not disputed that the cyst was diagnosed by the vet outside the 14-day waiting period. But my understanding is that sebaceous cysts are normally slow-growing and can start quite small whereas this one had reached 2.5cm in diameter. It also sounds as though this one had been filling and then rupturing more than once. Taking all this into account I think it was reasonable for Red Sands to take the view that the cyst had more likely than not started to develop during Mrs D's waiting period.

So I don't think Red Sands treated Mrs D fairly in relying on this exclusion to decline her claim.

My final decision

For the reasons set out above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 27 December 2023.

Elizabeth Grant
Ombudsman