

## The complaint

Ms G has complained that Casualty & General Insurance Company (Europe) Ltd (C&G) unfairly demanded an increase in the premium after she made a claim under her pet insurance policy.

## What happened

Ms G took out a pet insurance policy for her dog online. She paid the premium in instalments by direct debit. She made a claim for £491.38 after her dog became ill. C&G said when Ms G applied for her policy, she hadn't answered the question about the dog's breed correctly. She'd told C&G the dog was a Mongrel but her vet had described the dog as a Corgi-Cross.

C&G settled the claim for £213.90 after deducting premiums of £168.06 and various items which weren't covered by the policy. They increased the direct debit from £17.98 to £32.10 a month and took one further payment before Ms G cancelled her direct debit.

Ms G wasn't happy with that and brought a complaint to the Financial Ombudsman Service. I issued a provisional decision. An extract from my provisional findings is set out below:

*"The relevant law in this case is The Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). This requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract (a policy). The standard of care is that of a reasonable consumer.*

*If a consumer fails to do this, the insurer has certain remedies provided the misrepresentation is - what CIDRA describes as - a qualifying misrepresentation. For it to be a qualifying misrepresentation the insurer has to show it would have offered the policy on different terms or not at all if the consumer hadn't made the misrepresentation.*

*CIDRA sets out a number of considerations for deciding whether the consumer failed to take reasonable care. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless, or careless.*

*C&G thinks Ms G made a misrepresentation when she answered that her dog was a 'mongrel' when taking out this policy.*

*I've looked at screenshots C&G say are representative of what Ms G would have seen at that time. On balance, I find that Ms G didn't take reasonable care when answering this clear question about the breed of the dog. I say this because:*

- *The options available to select were the specific breed, cross breed, or mongrel;*
- *If Ms G had clicked the "Help" icon near this question, she would have been told: "Select 'pedigree' if your dog's parents are both the same breed., or 'crossbreed' if they have parents from two different breeds. If you're not sure what breed they are (or if they're a mix of several different breeds) select 'mongrel'."*
- *If Ms G had selected the crossbreed option, she'd have been asked what the main breed was and could have selected "Corgi".*

- The vet has referred to the dog in invoices as “Corgi X” and “Crossbreed”;
- The dog’s clinical history lists the dog as a “Corgi X” breed; and
- Ms G signed the claim form which referred to the dog’s breed as “Corgimix”.

*On balance, I think the most appropriate answer to this question would have been ‘cross breed’ rather than ‘mongrel’.*

*C&G has provided evidence that shows if the question been answered correctly, they’d still have provided cover but charged a higher policy premium of £404.67 a year instead of £215.82.*

*This means I’m satisfied that Ms G’s misrepresentation was a qualifying one.*

*C&G hasn’t been clear in how they’ve classified Ms G’s misrepresentation here. I consider it to have been a careless misrepresentation - rather than deliberate or reckless. I say this because I believe it to have been a mistake by Ms G rather than an attempt to deliberately misrepresent the breed of the dog or risk she wanted to insure.*

*I’ve then looked at the actions C&G can take in accordance with CIDRA. As a claim had been made here, under CIDRA, C&G was entitled to settle the claim proportionately. It’s not clear to me whether C&G did that as they referred to the deduction of £168.06 from the claim settlement as “Premiums”. However, elsewhere they said that they were deducting a percentage of the underinsurance amount from the claim. I should be grateful if in response to this provisional decision C&G would clarify whether they made a proportionate reduction in the amount of the claim made and if so, what the percentage reduction was.*

*For completeness, C&G could have offered the option of paying the shortfall in premium but they can’t require it to be paid. So, C&G shouldn’t have increased the direct debit payment without Ms G’s consent. This isn’t listed as an option under CIDRA in this scenario.*

*However I am not intending to require C&G to repay the increased instalment of the premium which it took by direct debit. That’s because the policy says the full annual premium will be due on cancellation if a claim has been made.*

*I therefore accept that it would be reasonable for C&G to claim from Ms G the remaining premiums due for the policy year at the original monthly rate.*

*If they have not already assessed the claim on this basis, I’m intending to require C&G to reassess Ms G’s claim by applying a proportionate reduction to the amount claimed or paid. This should reflect the proportion by which her annual premium was underpaid as against the annual premium she should have paid in the policy year if correct information had been given.*

*C&G may deduct from any further sum due to Ms G as a result of such reassessment any instalments of premium remaining due from Ms G for the policy year at the original rate of £17.98 a month.”*

*In response to my provisional decision C&G has confirmed that it made a proportionate deduction of 43.97% from the claim settlement to reflect the percentage by which Ms G was underinsured. It calculated that based on the original premium there was still an amount outstanding from Ms G as on the cancellation of the policy she was liable to pay the full annual premium.*

*Ms G had no further evidence to provide.*

### **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.

As C&G has clarified that it settled the claim on a proportionate basis in accordance with CIDRA, I don't think it has treated Ms G unfairly or unreasonably. As explained above, it wasn't entitled to increase the direct debit payment without Ms G's consent. But it wouldn't be right for me to require C&G to repay the difference in premium as it appears that overall Ms G still owes C&G in respect of outstanding premiums for the remainder of the policy year after cancellation.

### **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 Ms G to accept or reject my decision before 28 November 2023.

Elizabeth Grant  
**Ombudsman**