

The complaint

Mr B complains that Great Lakes Insurance SE rejected a claim on his pet insurance policy.

Where I refer to Great Lakes, this includes its agents and claims handlers acting on its behalf.

What happened

Mr B had a pet insurance policy underwritten by Great Lakes. His wife ("Mrs B") called Great Lakes to say they were moving abroad and asked if the policy would cover them. Soon after, Mr B also called and asked whether they would be covered abroad. Mr B says he was told the policy would cover them for up to 90 days.

After moving abroad, Mrs B's dog needed treatment. He made a claim on the policy and provided details to Great Lakes about the treatment costs. Great Lakes said it was dealing with the claim but then told Mr B it wouldn't pay any costs, as he had moved abroad and so wasn't covered at all.

Mr B complained that he had been misled by Great Lakes, and had incurred substantial costs in the belief he was covered. He said it was unfair for Great Lakes to refuse to pay out in these circumstances.

Great Lakes didn't change its position but did accept there had been some delays and poor communication and apologised for this.

When Mr B referred his complaint to this Service, Great Lakes maintained its decision was correct, but offered to refund the premiums Mr B had paid after he moved abroad.

Our investigator said Mr B was given the impression he could keep the policy for 90 days and would be covered during that period but that wasn't correct. The investigator said if Mr B he had been given the right information, he would have known he needed to cancel his policy when he moved and get a new policy abroad, and he lost the opportunity to get a policy that would cover him. So Great Lakes should:

- reimburse all the treatment costs Mr B had incurred;
- refund the premiums he had paid after moving abroad; and
- pay compensation of £200 for the distress and inconvenience caused.

Great Lakes didn't agree with the investigator. While it accepted the information given to Mr B could have been clearer, it said Mrs B had been told in the first call that the policy wouldn't cover them if they moved abroad and Mr B had then reframed the question, which is why the call handler had answered in the way they did. Great Lakes said it wasn't fair to refund the premiums, pay the claim and pay compensation; if the claim was held to be valid, then it should be able to keep the premiums.

Great Lakes said it would agree to treat the policy as active and providing cover for 90 days after Mr B moved. So the claim would be paid as if the policy was still in force.

The investigator said he wasn't asking Great Lakes to treat the policy as remaining in force for 90 days and deal with the claim; his view was that Great Lakes should pay the costs Mr B had incurred as a result of its error. And it should refund the premiums and pay compensation of £200.

As no agreement was reached the complaint was passed to me to decide.

I issued a provisional decision saying I also intended to uphold the complaint, but with a different remedy from that proposed by the investigator. I set out my reasons as follows:

The policy provides cover if someone is abroad for up to 90 days – for example on holiday; it doesn't cover someone who has moved abroad. So Mr B wasn't entitled to cover under the terms of the policy.

However, when he called to ask about this, he was given the impression the policy would cover him for up to 90 days. I've listened to a recording of Mr B's call and the earlier call by his wife. Although at the beginning of Mrs B's call she was told the policy didn't provide cover for someone living abroad, towards the end of the call the information was less clear. And in Mr B's call he was told he would be covered for 90 days. Great Lakes says he framed the question in a different way and this led to a different answer. But it was a discussion about what cover was provided when abroad and the call handler could have made it clear how the policy worked.

Insurers have a duty to provide information that clear, fair and not misleading and I don't think the information was clear enough.

Having said that, I don't think it's fair to expect Great Lakes to pay all the costs Mr B incurred and return his premiums. That would leave him better off and effectively mean he could claim for any costs – regardless of what the policy covered – without having to pay anything for it.

If Mr B had known the policy was no longer in force, he would likely have found cover elsewhere – so he would have had to pay premiums, and any cover would have been subject to the conditions and limitations set out in that policy.

But Mr B's complaint is that he thought the policy was still in force for 90 days. So that's what he expected to happen. Indeed, when he made his claim, that's what he thought had happened – he expected Great Lakes to deal with his claim. So to put him in the position he would have been in, the fair thing to do is for Great Lakes to assess the claim as if the policy had continued for 90 days. And if it had been in force, Mr B would have had to pay the premiums for that period, so it wouldn't be fair to refund those premiums to him.

There was some delay in dealing with the complaint and Mr B was given the impression it was being dealt with for some months before being told he wasn't covered. This was very upsetting for him, and he was put to some trouble having to chase Great Lakes to find out what was going on. I agree a payment of £200 is fair to compensate for the distress and inconvenience caused to him.

In addition, he has been out of pocket since making his claim, so any payment made to settle the claim should include interest to reflect the loss of use of that money during this time.

For these reasons, I said I was minded to uphold the complaint and direct Great Lakes Insurance SE to settle the claim in line with the policy terms, together with interest at 8% per year, and to pay compensation of £200 for the distress and inconvenience caused.

Replies to the provisional decision

Great Lakes has not provided any further comments.

Mr B has replied to say he disagrees with the provisional decision. I won't set out all of his comments in detail but the key points include:

- If Great Lakes only has to pay for treatment carried out within the 90 day period he'll still be out of pocket – the initial treatment by their vet, treatment by a specialist vet and the first rehab treatment would be covered, but there was further rehab treatment after the 90 day period as well.
- The correct analysis would be that the cover is available for an incident that happens in the 90 day period and any treatment that flows from that
- In January 2023 Great Lakes confirmed it would pay £3,395.71, which included the vets' fees and the first set of rehab sessions, plus a separate claim for a lump removal (£656.45) that was also required. This should be the minimum that's paid, plus the compensation and interest.
- He paid premiums for five months – from July through to November 2022 – so if cover is limited to 90 days, some of the premiums should be refunded.
- The service provided was very poor; he had to send the same document many times and make many phone calls, Great Lakes confirmed the claim would be paid and then changed its mind, and the delays and poor process caused great stress as well as financial hardship. He's been without £5,000 for a year.

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.

While Mr B considers he should be covered for any treatment that follows on from an incident within the 90 day period, I don't think it would be fair to require Great Lakes to pay for any treatment after the 90 day period. The usual arrangement for pet insurance is that it provides cover for the cost of treatment while a policy is in force and once the policy ends, cover ends.

Great Lakes has said it would agree to treat the policy as being in force for 90 days and I think that's fair, for the reasons set out in the provisional decision. Mr B has referred to some specific amounts to be paid. Assuming those amounts would all have been paid, had the policy been in force, then they should now be paid. But it's for Great Lakes, treating the policy as having continued for 90 days, to accept the claim and settle it in line with the relevant policy terms as if they were still in force. And it's for Great Lakes to decide if the costs for the lump removal are paid separately.

With regard to the premiums, Mr B paid these for the period from July to November 2022. The 90 day period would have ended in early October 2022. I understand Great Lakes reimbursed some of the premium for November when the policy was cancelled. Looking at all the circumstances in the round, if Great Lakes deals with the claim and pays compensation for the distress caused, that would be a fair resolution. While Mr B has been without the use of the money for a year, he will be compensated for that by the addition of 8% interest. All things considered, I'm satisfied the action I am directing Great Lakes to carry out is a fair way to resolve the complaint.

My final decision

I uphold the complaint and direct Great Lakes Insurance SE to:

- treat the policy as being force for 90 days from 6 July 2022 and settle the claim in line with the policy terms, together with simple interest at 8% per year from the date of the claim to the date of settlement*;
- pay compensation of £200 for the distress and inconvenience caused.

* If Great Lakes Insurance SE considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr B how much it's taken off. It should also give Mr B a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 22 November 2023.

Peter Whiteley
Ombudsman