

The complaint

Mr B has complained about the deductions that Casualty & General Insurance Company (Europe) Ltd (C&G) made from settlement of a claim under his pet insurance policy.

What happened

Mr B made a claim for £805 in respect of an emergency operation on his dog whom I'll call D, after D was attacked by other dogs. C&G made a number of deductions from the amount claimed and paid Mr B £525.

The deductions in dispute are as follows:

General anaesthetic

The vet charged £451.52. C&G paid £250 which it said was its limit based on research of average costs.

Consumables – drapes

The vet charged £6.90. C&G said single use, non-medical or cleaning items weren't covered by the policy.

Medications over 100% mark-up

The vet charged £63.87. C&G paid £35.04.

Surgical site prep

The vet charged £11.68. C&G said cleaning fees weren't covered.

Mr B complained that the deductions weren't reasonable. As C&G didn't change its decision, he brought his complaint to us.

I issued a provisional decision explaining why I was minded to uphold the complaint in part. An extract from my provisional findings is set out below:

"My role is to decide whether C&G treated Mr B fairly and reasonably in making these deductions. I'll consider them in turn.

General anaesthetic

In making this deduction C&G relied primarily on the following policy term:

"Vet Fees will only be paid if they are: - Reasonable; and Essential for Your pet's health and well-being. We may limit any payment to a maximum mark-up of 100% for veterinary Treatment, medication and dispensing fees; Blood sampling charges will be capped at the UK market average; Each and every claim will be reviewed by Our claims assessors and costs will be compared against charges for the same or similar Treatment to make sure that the Treatment and veterinary fees are reasonable, necessary, essential, and not excessive compared to the rest of the UK market."

C&G told us it allows up to £250 for anaesthesia based on the average cost of the veterinary fee for this. It said this average is calculated from the claims it receives and is reviewed on a regular basis to ensure it is kept up to date with vet fees.

I don't think this is reasonable as C&G hasn't provided any information or data for me to consider whether its assessment is indeed fair. The cost of veterinary treatment can vary in different parts of the country due to issues such as lower or higher overheads and other factors. C&G should treat all its policyholders fairly and not just those in a part of the country where the costs of a general anaesthetic might be £250 or less.

In addition, because this limit isn't explained in the policy terms, a policyholder has no way of ensuring that the policy benefits are suitable for them. C&G should provide enough information to do this. So, I consider C&G should cover these costs in full.

Consumables – drapes

In declining this part of the claim C&G relied on the following policy term:

“What is not insured? Any miscellaneous costs that do not directly relate to the Treatment of an Illness or Accidental Injury, including but not limited to single use items, non-medical items, cleaning supplies and such other costs that a Vet may charge but are not directly related to the actual Treatment of Your pet.”

My understanding is that these drapes are used to isolate the surgery area from the surrounding contaminated area in order to reduce the risk of infection. I consider it was unreasonable of C&G to say that these were not directly related to the treatment of Mr B's dog.

Medications over 100% mark-up

Under the terms of the policy referred to earlier C&G is entitled to limit payment to a maximum mark-up of 100% for medication. C&G has provided evidence to show the standard price of the medication and that it had capped the amount paid to 100% of this amount. I appreciate that the retail cost of the same medicine is higher but I wouldn't expect Mr B's vet to pay that. So, I don't think C&G acted unfairly in applying this deduction.

Surgical site prep

I don't think it was reasonable for C&G not to settle this part of the claim as this would have been an essential part of the operation. I think C&G should reimburse these costs.

My provisional decision is that C&G should pay Mr B £220.10 being the deductions in respect of the general anaesthetic, drapes and surgical site preparation. As Mr B hasn't had the use of that money, I also think it's fair that C&G should pay simple interest of 8% on it from the date Mr B paid the vet's bill to the date that payment is made to him.

Compensation

I also agree that the failure to give Mr B a full breakdown and explanation of the various deductions in a timely manner caused him unnecessary trouble and upset, I agree with our Investigator that C&G should pay him compensation of £100 for that.”

Mr B accepted my decision. C&G said it had no further comments.

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 neither party objected to my provisional findings, I see no reason to change them and they now form part of this final decision.

My final decision

For the reasons set out above, I uphold this complaint in part and require Casualty & General Insurance Company (Europe) Ltd to pay Mr B the following:

- £220.10;
- Simple interest at the rate of 8% a year on the above sum from the date Mr B paid the vet's bill to the date that payment is made to him; and
- Compensation of £100.

If Casualty & General Insurance Company (Europe) Ltd considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr B how much it's taken off and give him a tax deduction certificate if he asks for one so that 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 2 January 2024.

Elizabeth Grant
Ombudsman