

The complaint

Mr B complains about Pinnacle Insurance Plc's settlement of his pet insurance claims and service. My references to Pinnacle include its agents,

What happened

Mr B has pet insurance for his cat. The insurer is Pinnacle. He made two claims for procedures his cat had at his vet on the same day.

The first claim was £115.86 for blood tests, one test cost £40, the other £75.86. The claim information provided by Mr B said the claim related to a tooth extraction. The claim information provided by the vet said the treatment related to hyperthyroidism, the cat's ongoing medical condition. Pinnacle paid the claim on the basis that the blood test was for hyperthyroidism and closed the claim. It told Mr B that it had deducted £23.17 as the 20% policy excess and paid Mr B £92.69 to settle the first claim.

Mr B complained to Pinnacle that it hadn't assessed the claim as being for tooth extraction as he'd instructed. In making that complaint he spoke to different representatives from Pinnacle and he also complained about the service he'd received from some of those representatives, in particular he'd requested a call back from a manager that didn't happen.

The second claim was submitted with the vet's information saying it was a claim for dental treatment. The claimed for items totalled £575.78. Within this claim was a £40 blood test, which Pinnacle deducted as a duplicate of the £40 blood test submitted under the first claim.

Pinnacle told Mr B it had deducted £31.33 as the 20% policy excess and paid him £504.45 to settle the second claim.

Pinnacle's final response letter to Mr B's complaint said:

- The vet had categorised the first claim as being for hyperthyroidism and as the condition had previously been claimed for it processed the claim using its automated system, for fast payment of the claim. But Pinnacle acknowledged that its system could have picked up the difference between Mr B's and the vet's descriptions of the claim and referred the claim for manual review.
- Once Mr B made it aware the first claim was for tooth extraction the claim was moved to that new condition. But it had then made mistakes, the incorrect excess had been deducted. And as the claim related to pre-operative blood tests they weren't covered under the policy terms so the claim shouldn't have been paid at all. It wouldn't be asking Mr B to repay the £92.69 it had wrongly paid him for the first claim.
- Mr B had later told it he thought the blood tests were for his cat's hyperthyroidism so the first claim shouldn't be for dental extraction. But its claims team said the blood tests were confirmed to be related to the dental extraction.

- It apologised that Mr B hadn't received the manager's call back he requested. It paid him £25 compensation as an apology.

Mr B complained to us about Pinnacle's claim settlements and service. In summary he said:

- Pinnacle shouldn't have changed the first claim to be for tooth extraction if his vet had told it the claim was for hyperthyroidism. He queried why Pinnacle would pay for blood tests for a tooth extraction that weren't covered.
- He was unsure how the excesses for both claims had been calculated and why the £40 blood test cost had been deducted from the second claim. He wanted clarity about what Pinnacle had paid for.
- Pinnacle had breached the Financial Conduct Authority (FCA) Principles in how it dealt with his claims, and he detailed why.

Our investigator said Pinnacle had fairly categorised the first claim as being for dental work pre-operative blood tests. And although Pinnacle didn't need to pay the first claim under the policy terms it had reasonably said it wouldn't seek repayment. She thought Pinnacle had fairly deducted the £40 blood test cost from the second claim. And although it had wrongly calculated the excesses its mis-calculation was in Mr B's favour. Ultimately our investigator said that taking into account the claim overpayment Pinnacle had made to Mr B and the £25 compensation already paid Pinnacle had paid Mr B £100 in compensation for its poor service, which she thought was a reasonable amount.

Mr B initially accepted our investigators findings but would now like an ombudsman's decision. He's still concerned Pinnacle hadn't used the right information for his claims and he wanted to know how his compensation of £100 had been calculated.

Before I made a decision I asked Pinnacle to provide the following further information:

1. Evidence that Pinnacle confirmed with Mr B's vet that the first claim for £115.86 for blood tests did relate to dental extraction. If Pinnacle hadn't asked Mr B's vet for confirmation it should contact the vet to get clarification what the blood tests in the first claim were for.
2. Evidence that Pinnacle confirmed with Mr B's vet that the blood tests costing £40 in the first and second claims were duplicate. If Pinnacle hadn't asked Mr B's vet for confirmation it should contact the vet to get clarification whether the blood tests costing £40 were incorrectly invoiced twice.

Pinnacle responded that it had now contacted Mr B's vet and the vet had told it:

1. The first claim costs for £115.86 were made up of £75.86 for the thyroid and £40 for dental pre-operative bloods.
2. The £40 blood tests in the first and second claims were different, not duplicate.

What I provisionally decided – and why

I made a provisional decision that Pinnacle had unreasonably handled Mr B's claims and given him poor service. I said:

'I've considered all the points Mr B has made but I won't address all the points in my findings. I'll focus on the reasons why I've made my decision and the key points which I think are relevant to the outcome of this complaint.

As our investigator explained, we're not the regulator and our role is to provide an impartial dispute resolution service. So I'm not able to make a finding on whether Pinnacle breached the specific FCA Principles Mr B has referred to. However I have taken the regulator's rules into account when considering whether Pinnacle gave Mr B reasonable claim settlements and fair service.

The relevant regulator's rules say that insurers must handle claims promptly and fairly and they mustn't turn down (or settle) claims unreasonably.

I think Pinnacle unreasonably settled the two claims and gave unfair service to Mr B. I'll explain why.

The first claim

The information provided by Mr B's vet for the first claim says 'Insurance Claim for Hyperthyroidism'. Mr B's first claim information said the claim was for tooth extraction. Pinnacle's decision to initially process the claim as categorised by the vet prompted Mr B's complaint.

Pinnacle has accepted that as there was discrepancy in the claim description it should have queried the information provided by Mr B's vet, rather than assessing as being for hyperthyroid treatment.

Pinnacle's final response letter to Mr B said its '*claims team have advised that the blood tests were confirmed to be related to the Dental Extraction rather than the Hyperthyroid*'. But as there was no evidence on Pinnacle's file that Mr B's vet had clarified what the blood tests related to, and I thought the vet notes at the time of the blood tests were unclear on that issue, I asked Pinnacle to get the vet's clarification if it hadn't already done so.

Mr B's vet has now clarified that the first claim for blood tests of £115.86 was made up of £75.86 for the hyperthyroid and £40 for dental pre-operative bloods.

So Pinnacle incorrectly initially assessed the claim as being only for the cat's pre-existing hyperthyroidism, and then incorrectly assessed the claim as being only for the cat's dental extraction.

In response to my provisional decision Pinnacle must reassess the first claim in line with the policy terms and conditions on the basis of the vet's new evidence about how the blood test costs were split. And Pinnacle must set out how it reached the reassessment.

Pinnacle and our investigator have correctly told Mr B that the policy terms say Pinnacle will not pay for:

'any cost relating to routine or investigative tests including but not limited to pre-operative blood tests, unless these are to diagnose a condition due to specific existing symptoms and the condition is covered under this policy'.

It's fair for me to tell Mr B that it's very likely Pinnacle will consider the above policy term as part of its reassessment of the claim.

When we receive Pinnacle's reassessment of the first claim we will send the reassessment to Mr B for his comment before I make my final decision.

The second claim

The second claim was submitted by Mr B's vet as 'Insurance Claim for Dental' with invoiced items totalling £575.78. Within this claim was a £40 blood test, which Pinnacle deducted saying it was a duplicate of the £40 blood test submitted by the vet under the first claim. But the vet's invoice for the second claim says '*blood & fluids Package (Neutering Or Dental Discount) £40*'.

Whereas the vet's invoice for the first claim says '*Laboratory: Blood Test - 10 panel Biochemistry Profile & Haematology Test £40*'.

As the invoice descriptions of the two blood tests are very different I thought that based on the descriptions alone Pinnacle couldn't reasonably consider the blood tests were duplicate. So I asked Pinnacle to get the vet's clarification if it hadn't already done so.

Mr B's vet has now clarified that the £40 blood tests in the first and second claim aren't duplicates. So Pinnacle unreasonably deducted the £40 from the settlement of the second claim.

It isn't as straightforward as Pinnacle now having to pay Mr B the additional £40. That's because Mr B's policy says that a claim excess for vet fees is the greater of £99 or 20% of the claim value per condition per year.

Pinnacle told Mr B that it had deducted a policy excess of £31.33 from the second claim which, as Mr B pointed out, isn't 20% of the claim value.

I think the correct excess for the second claim, adding in the £40 blood test which should have been covered is:

20% of claim value £575.78 equals £115.16.

So the reasonable settlement of the second claim is:

£575.78 less £115.16 equals £460.62.

Due to Pinnacle's error in how it calculated the excess I understand it's already paid Mr B £504.45 to settle the second claim, when it only needed to pay £460.62. So Pinnacle has made an overpayment of £43.83 for the second claim even taking into account that it unreasonably deducted the £40 blood test cost.

Service

I've listened to the calls between Mr B and Pinnacle. Pinnacle accepts Mr B didn't get the manager's call back he requested and paid him £25 in compensation.

But in addition to that service issue I think Pinnacle mis-handled the claims throughout the process. As the vet and Mr B had given different descriptions for the reason for the first claim I think it would have been reasonable for Pinnacle to have contacted the vet to get clarification on what the blood tests were for at the outset of the claim, or at least once Mr B queried the categorisation of the claim. And, as I've said, I don't think Pinnacle could reasonably conclude that the £40 blood test in the second claim was a duplicate of the £40

blood test in the first claim. Again, Pinnacle should have checked with the vet whether the tests were duplicate at the outset of the claim or at least when Mr B queried the issue.

Pinnacle made several mistakes in assessing the claims. If Pinnacle had got clarification from the vet on the above matters early on in the claims' assessment or complaint that should have avoided the very confusing information it gave Mr B about the mistakes it had made in assessing the excesses and the settlements of the claims. That led to a lot of upset and confusion for Mr B, which could have been avoided. If Pinnacle had got earlier clarification I don't think Mr B would have taken his complaint to this stage.

Taking into account all the circumstances I think it would be reasonable for Pinnacle to pay Mr B £250 compensation in total for his distress and inconvenience. That amount includes the £25 compensation it's already paid him, the overpayment of the second claim of £43.83 which is in effect compensation and any overpayment of the first claim once Pinnacle has reassessed that claim. Once Pinnacle had reassessed the first claim I should be able to give the balance Pinnacle has to pay Mr B so that he receives £250 compensation for his distress and inconvenience'.

Developments since my provisional decision

Pinnacle reassessed the first claim and said it had already paid £115.86 less the excess for the claim. As the vet had confirmed £75.86 of that amount was for thyroid and £40 for dental pre-operative bloods, and it didn't need to pay the dental bloods, it had already overpaid on the claim. Pinnacle said no further payment was due for the first claim.

Pinnacle also set out the amounts it had paid for the hyperthyroidism since 2021.

We sent the information to Mr B and told him that I considered Pinnacle's reassessment of the first claim resulting in no further payment was fair, as it had overpaid by £40 for the dental pre-operative bloods which wasn't covered by the policy terms.

And we told Mr B that I considered Pinnacle reasonably needed to pay him £141.17, so that he received £250 compensation in total for his distress and inconvenience due to its poor service. The calculation being:

£250 less £40 overpayment for first claim less £43.83 overpayment for second claim less £25 compensation already paid.

We asked for Mr B's comments on my considerations.

Mr B said he still thought the set of bloods under the thyroid claim should be covered as it's for thyroid treatment, not the dental work which would be excluded. And he still felt somewhere somebody is getting that information wrong. But Mr B said that to resolve his complaint he's willing to agree to what I'd proposed.

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.

Before I made my final decision I told Mr B I agreed with Pinnacle's reassessment of the first claim, that there was nothing else to pay for the claim and it had overpaid that claim. I also set out to Mr B how I'd calculated that meant Pinnacle now needed to pay him £141.17 in compensation so that he received a total of £250 compensation for his distress and inconvenience. Mr B has agreed. Pinnacle hasn't disputed that it should pay Mr B £250 compensation in total.

I note Mr B's comments about the blood tests in the first claim. His vet has clarified the first claim costs for £115.86 were made up of £75.86 for the thyroid and £40 for dental pre-operative bloods. Pinnacle can reasonably rely on the vet's clarified information as being correct. Pinnacle has paid Mr B for the first claim, as I've detailed above.

For the reasons I've given above I uphold this complaint. Pinnacle unfairly handled the claims and gave Mr B poor service. It must put things right as I've detailed below.

Putting things right

Pinnacle must now pay Mr B £141.17 compensation for his distress and inconvenience caused by its poor service. So taking into account the £25 compensation Pinnacle's already paid and its overpayments of the first and second claim Mr B will receive £250 compensation for his distress and inconvenience in total.

My final decision

I uphold this complaint.

I require Pinnacle Insurance Plc to now pay Mr B £141.17 compensation so that, with the £25 compensation it's already paid him and its overpayments of the first and second claim, overall Mr B will receive £250 for his distress and inconvenience caused by its poor service.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 23 November 2023.

Nicola Sisk
Ombudsman