

## **The complaint**

Mr V complains that Great Lakes Insurance SE (Great Lakes) declined to cover two claims and cancelled his pet insurance policy.

## **What happened**

Mr V says because he made a large claim for one of his dogs, Great Lakes has looked for any reason not to pay. He says its reasons for cancelling are flawed. He says he understands that different cover is required for dogs used for breeding. But the dogs in question weren't used in this way. He says there's no valid reason for his claims to be declined.

Mr V says even if it's assumed he acted fraudulently, Great Lakes hasn't paid the claims he registered prior to it cancelling his policy. He says the Insurance Act 2015 means that Great Lakes is obliged to deal with any claims that occurred prior to the fraudulent act. Because of this Mr V thinks the business is required to pay his claims.

In its complaint response Great Lakes says Mr V's policy inceptioned on 24 January 2022. Since then, adjustments were made in April to add three more dogs, and three further dogs were added to cover on 21 September. Great Lakes says Mr V was asked to confirm that none of his pets had been trained to attack, and that none were used in connection with a business.

Great Lakes says during the call on 21 September, Mr V said to its agent, "*They're all working dogs, I have a kennels*". It says its agent was inexperienced so didn't pick up on this. But following investigation it found evidence that at least one of Mr V's dogs had been trained to bite. In addition, it says evidence was found online that Mr V's dogs were involved in a breeding and training business. It says because of this it's unable to pay for Mr V's most recent claims involving two of his dogs and has had to cancel his cover.

Mr V didn't think this was fair and referred the matter to our service. Our investigator didn't uphold his complaint. She says that Mr V's policy terms don't provide cover if the owner earns money from the pet, or if they've been trained to attack. She didn't think Great Lakes behaved unfairly when relying on its policy terms to cancel Mr V's policy and decline his claims.

Mr V didn't accept this outcome and asked for an ombudsman to consider his complaint.

It has been passed to me to decide.

## **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.

Having done so I'm not upholding Mr V's complaint. Let me explain.

The relevant law in this case is The Consumer Insurance (Disclosure and Representations)

Act 2012 (CIDRA). Not the Insurance Act 2015. CIDRA 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.

Great Lakes didn't refer to the CIDRA rules in its complaint response. However, it has said that Mr V breached the terms of his policy because one or more of his dogs are trained to bite and/or involved in his business. We asked Great Lakes to show the questions Mr V was asked when he took out his policy.

In its response Great Lakes has provided screen shots of the questions Mr V was asked when the policy was inceptioned. The website used provided him with three quotes containing links to the full policy. When selecting his chosen quote, it says he had to agree to declarations and assumptions. Great Lakes says this includes his pets not being used to earn money, in connection with a business, or being trained to attack. The business says Mr V couldn't progress to purchasing its policy without seeing and agreeing to the declarations and assumptions. It's clear Mr V didn't disclose that any of his pets were being used for the purposes Great Lakes has shown were not acceptable for its cover.

I've listened to the call when Mr V added three more dogs to his insurance cover in September 2022. At the start of the call, he says that his dogs are all working dogs and he owns a kennel. He makes this comment as an explanation as to why he's insuring so many dogs under his policy. Two of the dogs added to the policy during this call are the ones involved in the claims Great Lakes has since declined to cover.

Great Lakes says the information it has supplied shows one of Mr V's dogs involved in bite training. I can see the name of this dog is the same as one of the insured pets. However, I accept Mr V's comments that his business trains a lot of dogs and some have the same names.

Great Lakes has also supplied links to a website associated with Mr V's business. It says this supports his dogs being used for breeding purposes. Having looked at this website it advertises seven dogs with the same names as those insured under Mr V's policy. The dogs also match in terms of breed and age. Next to a photo of each dog is a description of when its next litter is due. The webpage includes a "*job description*" for each of the dogs. The job roles are described as either, "*protection, search, or therapy visits*".

I note Mr V's comments that he has 14 dogs in total and that five of these are used for breeding. He says this doesn't include the nine dogs he had insured under his policy with Great Lakes. However, the information Great Lakes has provided strongly indicates the insured dogs are involved with his business as breeding dogs, and in other capacities indicated by their job roles.

Mr V's policy terms say:

*"Animals we are not able to cover"*

*We are not able to cover pets that have been trained to attack.*

*We are not able to pay claims if you earn money from your pet or your pet is used in connection with any business."*

I think these terms are clear and were made available for Mr V to read. His policy booklet also says he should contact Great Lakes if any of the information is incorrect or needs changing. Mr V says he's aware breeding dogs aren't covered by his policy and the dogs he insured aren't used for this purpose. But the evidence shows the insured dogs were being used for breeding. I think Mr V was aware of this when he took out this policy and when he added further dogs to the insurance cover in April and September 2022.

Based on this evidence I don't think Great Lakes acted unreasonably in concluding Mr V didn't take reasonable care not to make a misrepresentation.

Great Lakes has supplied its underwriting criteria. This information is commercially sensitive, so I can't share it. But I'm satisfied from this that the business wouldn't have provided cover to Mr V if it'd known he was insuring dogs that were being used to make money, were trained to bite, or that were otherwise involved in his business. This means Mr V's misrepresentation was a qualifying one.

Great Lakes acted to cancel Mr V's policy as a result of his qualifying misrepresentation. Its policy terms say:

*"We can cancel this policy at any time by giving 14 days' notice. For example:*

*You made a misrepresentation when you bought your policy or made a claim.*

*We will refund any premiums that you have paid for the part of the policy year after the date of cancellation."*

Great Lakes says its underwriting team instructed it to cancel Mr V's policy as of the date it identified fraudulent activity had occurred. It says Mr V took out his policy in breach of its declarations and assumptions on 24 January 2022. So, it acted to cancel the policy from this date.

I can see that Great Lakes paid Mr V a total of £6,846.97 in claims since the policy inception. It says it could ask for this to be returned. However, it has decided not to do this. It says it won't return the premium as it has paid out on several claims. It also says it considers Mr V's misrepresentation was either reckless or deliberate.

Great Lakes says it acted in line with the CIDRA rules when taking this action – albeit Mr V has benefitted from the claims it has paid and isn't asking him to refund.

Having considered all of this I think its clear Mr V did make a qualifying misrepresentation when taking out his policy. In these circumstances I think his misrepresentation can reasonably be classed as reckless or deliberate. The CIDRA rules don't require Great Lakes to return Mr V's premium in these circumstances. However, as Mr V's policy was effectively cancelled from inception, he has benefitted financially from the claims Great Lakes has paid and isn't looking to recover.

In summary, I don't think Great Lakes treated Mr V unfairly when relying on its policy terms to decline his claim and cancel his policy for the reasons it gave. So, I can't reasonably ask it to do any more.

**My final decision**

My final decision is that I do not uphold this complaint.

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

Mike Waldron  
**Ombudsman**