

The complaint

Mr D complains that Wakam didn't pay claims on his pet insurance policy as they were below the policy excess.

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

What happened

Mr D has a pet insurance policy, which he last renewed in March 2023. Shortly after renewing the policy he made two claims for £40 each.

Wakam said the claims would not be paid as they were less than the policy excess he had to pay. Mr D has complained about this – he says there's only one excess payable per year, and the policy terms don't specify that he has to pay this excess in one hit or that claims lower than the excess value do not contribute towards his annual excess total. And he says this is unfair as it effectively increased his excess by £80.

Our investigator didn't think the complaint should be upheld. He said for a claim to be paid it would need to be for an amount greater than the policy excess and if there was nothing left to pay after Mr D had paid the excess, then there was no claim to make on the policy.

Mr D disagreed and requested an ombudsman's decision. So the complaint was passed to me to decide.

There was some confusion in this case about which policy terms applied, with different versions being provided to Mr D. It seems the wrong terms were sent to him at renewal. He explained to our investigator the confusion this caused and said he shouldn't have to compare different versions to check which is correct.

Before making my decision I explained to both parties that I was minded to award a compensation payment of £100 in respect of this.

Wakam has said it is happy to pay compensation of £100 as a one-off payment; it wouldn't expect any further complaint from him about this issue. Mr D hasn't provided any 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.

When a claim is made, an excess is due from the policyholder. The policy doesn't define what an 'excess' is. But it's commonly accepted that the policyholder will normally have to pay the first part of any claim and the amount they pay in the event of a successful claim is known as the excess.

Mr D says it isn't made clear that claims below the excess won't be accepted. He says if the excess is paid "per year", claims should be accumulated towards the annual excess.

The policy covers new and recurring conditions with a limit of £15,000 that can be claimed each year. That limit is reset each year when the policy is renewed. The policy terms also set out the excess per year.

Mr D made two claims which were both for less than the excess. That means there simply wasn't anything for Wakam to pay out. For the claim to be successful it would need to be for an amount greater than the policy excess. If there's nothing left to pay after Mr D has paid the excess then there isn't a successful claim on the policy.

So I don't think it was unreasonable for Wakam to decline the claims because they were below the excess limit. And if the claims were declined, it was reasonable for Wakam to disregard them when determining if the annual excess limit had been used. There's nothing in the policy terms that requires Wakam to add claims together until the excess has been reached.

The excess is only paid once per year. Mr D's policy renewed in March. I understand he has more recently made another claim at a higher value which was settled and the excess was deducted from that claim. So he won't need to pay his excess again for the remainder of this policy year.

For these reasons I'm satisfied the way Wakam dealt with the claims was in line with the policy terms and was fair. But as set out above, I consider Mr D was caused unnecessary distress and confusion when he was given incorrect versions of the policy wording. While things have now been clarified for him, it's fair that he should be compensated for the distress that was caused to him on this occasion.

My final decision

I uphold the complaint and direct Wakam to pay compensation of £100 to Mr D for the distress and inconvenience caused to him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 18 October 2023.

Peter Whiteley
Ombudsman