

## **The complaint**

Miss Y complains that Red Sands Insurance Company (Europe) Limited will no longer cover her claims for a specific medical condition under her pet insurance policy and about its service. My references to Red Sands include its agents.

## **What happened**

Miss Y has pet insurance for her dog insured by Red Sands. The policy started on 18 December 2021 and renewed in December 2022. The policy covers a medical condition for 12 months from the date the condition is first noticed by the policyholder or their vet, with a £4,000 annual condition limit.

Miss Y said her dog came from abroad a few years ago having been tested as negative for diseases including leishmaniasis. In October 2022 the dog was seen by a vet and due to her symptoms the vet advised she be tested for leishmaniasis. In early November 2022 the vet told Miss Y her dog had leishmaniasis.

In November and December 2022 Miss Y made claims on the policy for her dog's treatment for leishmaniasis and Red Sands accepted and paid for those claims. On 28 December 2022 Red Sands wrote to Miss Y saying it had wrongly paid the claims as cover for leishmaniasis was excluded by the policy terms. It said it would pay the 28 December 2022 claim as a goodwill gesture due to its mistake. Red Sands paid a further claim for the condition in January 2023.

When Miss Y complained to Red Sands its final response letter apologised for the confusion caused by it accepting some of the claims for the condition and said it wouldn't ask her to repay the costs it had wrongly paid. It wouldn't continue cover for leishmaniasis.

Miss Y complained to us. In summary she said:

- The exclusion Red Sands relied on to not cover the condition was in a separate document on the portal called policy booklet. The policy documentation was deliberately misleading as in the Insurance Product Information Document (IPID) leishmaniasis wasn't listed as excluded.
- She renewed her policy on the basis that leishmaniasis was covered as at the time of renewal Red Sands had accepted her claims for the condition.
- She wants Red Sands to pay the outstanding claims and pay for her dog's future treatment for leishmaniasis up to the policy limit for the 12 months period.
- She also wants compensation for the unnecessary stress and her future financial burden Red Sands had caused.

Our investigator said Red Sands had acted fairly in not covering the outstanding claims for leishmaniasis and in not covering the condition in the future.

Miss Y disagrees and wants an ombudsman's decision. She said:

- We'd not considered that Red Sands' payment of some claims for leishmaniasis had set her expectation that the condition was covered by the policy. She'd made decisions about treatment and renewed the policy with the expectation that the condition was covered.
- She had significant financial loss which would increase as the treatment continued due to Red Sands' mistake, which was unfair.
- We should require insurers to give clear and transparent information to customers. The exclusion for leishmaniasis was in a separate document on Red Sands' customer portal and she found that unclear and 'deceptive'.

### **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.

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

I'm sorry to disappoint Miss Y but I think Red Sands acted reasonably in not covering the outstanding claims for leishmaniasis and in not covering the condition in the future. It doesn't need to pay Miss Y compensation for its poor service. I'll explain why.

The policy terms and conditions in the policy booklet at 'section A vet fees' say:

*'Conditions we don't cover*

*We don't cover.... leishmaniasis'*

So the policy specifically excludes cover for leishmaniasis.

I've considered the points Miss Y makes about why she thinks Red Sands can't fairly rely on the exclusion.

It's for an insurer to decide what it will and won't cover in an insurance policy but it needs to make the cover clear to the consumer. The exclusion for leishmaniasis isn't in the IPID. We generally consider that it's fair for an insurer to set out the main areas of cover and exclusions and any unusual/significant exclusions in the IPID. I don't think the exclusion for leishmaniasis is a significant area of cover for the majority of consumers and the exclusion isn't unusual as most pet insurance policies exclude cover for leishmaniasis. I think it was reasonable for Red Sands not to put the exclusion for leishmaniasis in the IPID.

Also I think Red Sands gave Miss Y clear information that the IPID didn't set out all the cover and exclusions and she needed to look at all the policy documents to see what was and wasn't covered. The first paragraph of the IPID says:

*'The Insurance Product Information Document gives a summary of the main cover and exclusions, and is not personalised to your specific needs. You can find the full information by reading your Policy Schedule and Policy Booklet'.*

The welcome letter Miss Y received from Red Sands when she took out the policy says the policy schedule, IPID and policy booklet *'should be read together as one contract of insurance'*.

I don't think the information Red Sands gave Miss Y about the exclusion for leishmaniasis was misleading or deceptive, as she suggests. I'm satisfied Red Sands gave Miss Y clear information that she needed to look at all three policy documents to ensure the policy met her needs.

Miss Y made the decision to renew the policy expecting Red Sands to cover the leishmaniasis as it hadn't declined the claims she'd made for the condition at the time of policy renewal on 18 December 2022. But from Red Sands' letter of 28 December 2022 Miss Y knew on or about that date that it had mistakenly paid the claims for leishmaniasis and it wasn't going to cover the condition in the future. Red Sands' letter of 3 January 2023 to Miss Y also said leishmaniasis wasn't covered by the policy.

Even if Red Sands had correctly declined the claims for leishmaniasis before Miss Y renewed the policy the condition would have been a pre-existing condition at renewal time, which most pet insurance policies don't cover. And leishmaniasis is a condition excluded by most pet insurance policies. So I think it's probable Miss Y would have had difficulty in finding an alternative insurance which would have covered the pre-existing leishmaniasis. And if she could have found alternative insurance she could have changed to that insurance.

Red Sands caused further confusion when it wrongly accepted a claim for leishmaniasis in January 2023. But given the content of Red Sands' letter of 28 December 2022 I think it had done enough to tell Miss Y it didn't intend to cover the condition in the future.

Overall I'm satisfied that Red Sands acted fairly and reasonably in relying on the policy exclusion for leishmaniasis to not pay the outstanding claims for the condition and to not cover the condition in the future.

Red Sands gave Miss Y poor service by mistakenly accepting claims for a condition which the policy didn't cover. When Red Sands told Miss Y about its mistake she had a loss of expectation and that was stressful and upsetting for her. But I don't think Red Sands is responsible for Miss Y continuing to pay for her dog's treatment for leishmaniasis. Red Sands' letter of 28 December 2022 told Miss Y it would no longer cover the condition and she could then make decisions about her dog's treatment knowing the condition wasn't covered by the policy.

Red Sands has told Miss Y it isn't asking her to repay the costs it mistakenly paid for the claims for leishmaniasis, which is fair. Red Sands has paid a substantial amount in vet fees, that it didn't need to pay, and in all the circumstances I don't think it would be reasonable for me to say it should pay compensation to Miss Y for her loss of expectation, distress and inconvenience.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss Y to accept or reject my decision before 2 October 2023.

Nicola Sisk  
**Ombudsman**

