

The complaint

Miss M complains about how The Equine and Livestock Insurance Company Limited (E&L) handled a claim under her horse insurance policy for the death of her horse.

References to E&L include their agents who administer the policy.

Miss M was supported by a representative (her solicitor) in bringing her complaint. References to Miss M include her representative.

What happened

Miss M had a horse insurance policy with E&L, taken out in 2016, covering her horse. The horse was insured for the sum of £12,000 or market value if less. Unfortunately the horse was euthanised in September 2022, following treatment for a sacroiliac condition first noted in February 2022. Miss M contacted E&L to tell them of the death and lodge a claim. E&L appointed a loss adjuster (JPS) who produced a report valuing the horse at £7,000 to £7,250. Miss M disputed the valuation, but E&L paid her £7,000 in settlement of her claim.

With the support of a solicitor, Miss M complained to E&L. Miss M thought the valuation too low and reflected a lack of evidence of recent competitive use of the horse and verbal evidence from a farrier that the horse wasn't completely sound before the death. Miss M disputed both points. She accepted a lack of evidence of recent competitive use, but there were good reasons for this, including her daughter riding another horse in competition and starting university. And the impact of the Covid pandemic. So, the horse wasn't registered with the relevant body. But Miss M trained the horse at home and rode the horse regularly.

Miss M also thought account hadn't been taken of the breeding of the horse and its nature, which she thought just as important as its competitive history when assessing its market value. She thought a fairer valuation would be £18,000 (but the claim settled for the insured sum of £12,000). She obtained support for her position from an equestrian services firm, saying Miss M's horse should be valued in excess of £12,500.

E&L considered Miss M's challenge as a complaint, but they didn't uphold it. In their final response they agreed with the valuation provided by JPS, saying it was based on review of competitive records of the horse, comparisons with other horses of a similar age, breed and capability. They also referred to comments made by Miss M's farrier that the horse had not been right for some time. While they didn't accept the settlement should be increased to the insured sum of £12,000 they awarded a further £250 (taking the total settlement to £7,250). They said they'd consider any evidence to substantiate the horse's recent eventing history. Miss M then complained to this Service, disputing E&L's settlement for the death of her horse. She was upset at the low valuation placed on her horse and the settlement was a lot less than it would cost her to replace the horse. She provided advertisements of other horses for sale at she thought comparable with her horse, ranging from £12,000 to £15,000. She wanted E&L to settle the claim for the full sum insured of £12,000.

Our investigator didn't uphold the complaint, concluding E&L offered a fair valuation. E&L considered (based on JPS's report) factors including recent competitive usage and

comments from the vet and farrier. While Miss M had provided a view from an equestrian services firm, this was from 2021. In the absence of any other independent valuation, the investigator thought E&L had made a fair settlement.

Miss M disagreed with the investigator's revised conclusions, and requested an ombudsman review the complaint. In disagreeing, she thought E&L had placed too much emphasis on recent competitive history and hadn't given due consideration to the factors set out by Miss M about this aspect. Miss M also thought the equestrian services firm had direct knowledge and experience of the horse, which the loss adjuster did not. Miss M provided a further statement from the firm saying that the value of the horse would be in excess of £12,000.

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.

My role here is to decide whether E&L have acted fairly towards Miss M.

The key issue in Miss M's complaint is the valuation of her horse following its death. Miss M says the settlement made by E&L (£7,250) is too low. She thinks a fairer valuation should be the insured sum of £12,000. E&L disagree, saying the valuation provided by JPS is a fair reflection of the horse's market value.

I've considered both views carefully, together with the evidence and information available. This includes the report from JPS as well as the representations made by Miss M and her solicitor. Having done so, I'm more persuaded by E&L's view that £7,250 is a fair settlement for the death of the horse. I know Miss M will be disappointed by this, so I'll set out why I've come to this conclusion.

The policy terms provide for the death of a horse to be settled at the sum insured or the market value (if less). The relevant policy wording is:

"We pay up to the market value of the sum insured shown in the schedule (whichever is less) if a horse: dies; or is put down (euthanasia) for humane reasons."

E&L settled the claim on the basis of a market valuation provided by the loss adjuster, JPS. I've looked at the report, including the summary quoted by E&L in their final response:

"[Name of horse] was a 2010...gelding...which had competed in some affiliated eventing in 2018 but with no significant results. There is no evidence of any recent competitive usage and there is verbal evidence that [name of horse] had not been 100% sound and in full work before the veterinary examination in February 2022.

Therefore, it is considered that [name of horse]'s open market value, immediately prior to the date of loss would have been in the region of £7,000 - £7,250."

The report also refers to veterinary examination of the horse in February 2022 that diagnosed sacroiliac disease, as well as discussion with the vet. The report records the vet stating, in their professional opinion, the horse hadn't become immediately lame, but that lameness had been a medium term issue with evidence of muscle wastage. The report also records a comment by the horse's farrier that the horse had not been right for a while.

As an independent loss adjuster, I think the report carries weight, as it includes comments made by the vet and farrier that knew the horse, including factors relevant to its condition and, in my view, which would influence a market valuation.

I've also considered the evidence and information provided by Miss M in support of her view her horse should be valued at the insured sum of £12,000. First, the initial view of the equestrian services firm. This states:

"I run an equestrian business producing, schooling and selling event horses [name] equestrian services.

I had seen [name of horse] train in the period 2019-2021. I can clarify he was in good health as far as I am concerned based on my experience in the industry. Given his results/experience as well as the level he was training at I would say he would have been worth well in excess of £12,500 in 2021."

I've also considered the further statement provided in response to our investigator's view. This states:

"I am the director and owner of [name of firm] where we buy, sell and produce competition horses like [name of horse]. I am directly involved in placing values on competition horse like [name of horse] frequently as this is a major part of my business.

I am confident having seen [name of horse] training that his value would be in the excess of £12,000. I have bought, produced and sold horses of the same breeding as [name of horse] who have in fact fetched prices in excess of £12,000."

I appreciate the experience referred to, but note the original statement refers to the firm's experience of the horse up to 2021 (the date attached to the £12,500 figure). But it's reasonable to think that a market valuation should be as current as possible, which in this case would be at the point of the loss of the horse – September 2022. Given other factors that I'll come onto, I'm not persuaded a market valuation of the horse in 2021 wouldn't have changed by 2022, the time of the loss of the horse.

I've also considered the challenge (complaint) made by Miss M about the settlement, through her solicitor. The solicitor challenges some issues they think influenced the valuation by JPS, including the points made by Miss M about the horse not competing due to her daughter competing with another horse, attending university and the Covid pandemic. They also contend the horse was in good health and refer to the horse's breeding and nature.

Looking at the above evidence, I'm more persuaded by E&L's view, and JPS's report. I recognise the horse didn't have a recent competitive history, which I think reasonable to think would be a factor in any market. While Miss M has set out reasons for this, they don't change the fact of there not being a *recent* (my emphasis) competition record. While there are indications of competition previously (going back to 2018) I think it reasonable to think the more recent record would carry greater weight.

I've also considered what appears to be the condition of the horse, the sacroiliac condition, diagnosed in February 2022 and which subsequently led to the decision to euthanise the horse in September 2022. I appreciate this would have been very distressing for Miss M and I don't seek to diminish this aspect. But in terms of a market valuation, I don't think it unreasonable to conclude the condition of the horse at the time of the loss would have had a bearing on its valuation. So, a horse without the condition is likely to have a higher valuation than one with the condition, given it was first diagnosed some six months before the horse was euthanised.

Taking all these points into account, I've concluded E&L have acted fairly and reasonably in making settlement of Miss M's claim at a valuation of £7,250. My understanding is that E&L have paid the figure, so I won't be asking them to do anything further.

My final decision

For the reasons set out above, my final decision is that I don't uphold Miss M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 1 March 2024.

Paul King
Ombudsman