

The complaint

Ms G's complaint is about Covea Insurance plc's ('Covea') decision not to renew a lifetime pet insurance policy she took out and renewed each year from 2012.

Ms G says Covea have treated her unfairly.

What happened

Ms G took out a lifetime pet insurance policy in 2012 and renewed it each year. The policy provided cover for a number of events, including accident, illness and third-party liability cover.

In 2018 Covea became the insurer of the pet insurance policy as a whole in place of the previous insurer. In 2020 another insurer (A) became the underwriter for the third-party liability aspect of the cover. At that point that part of the cover introduced an exclusion for pets who had shown aggressive tendencies. The exclusion was reflected both in the third-party liability cover and for the remaining aspects of cover from the 2021 renewal of the policy.

Between inception and 2022 Ms G made a number of claims on the policy for illness for her pet which were paid. In 2015 she made a third-party liability claim when her pet bit another person. The claim was declined on the basis that the pet had a history of behavioural problems.

In 2022 A took the view that the pet's history, including the third-party liability claim in 2015, meant they were no longer prepared to offer cover for it. Covea then applied the same approach at renewal that year, leaving Ms G without ongoing insurance for her pet. Ms G's pet sadly passed away in 2024 but not before requiring further treatment for an ongoing condition which she funded herself.

Unhappy, Ms G complained to the Financial Ombudsman Service. Our investigator considered her complaint and concluded that it should be upheld. He initially thought that Covea did something wrong by settling Ms G's ongoing claims for illness when they didn't intend to cover the pet and said they should put things right by paying her £300 for the loss of expectation that future claims should be covered, as well as the stress and inconvenience to her as a result of their decision.

Ms G made further submissions in response to this view which the investigator considered further. He then concluded that Covea did something wrong by refusing to renew Ms G's policy when they did and that they should pay her claims until the passing of her pet as well as £300 for the stress and inconvenience caused to her. Covea do not agree so the matter has been passed to me to determine.

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 uphold Ms G's complaint. Before I explain why, I wish to acknowledge the parties detailed submissions in respect of this complaint. Whilst I've read them all, I won't be addressing each and every one. That's not intended to be disrespectful, but rather represents with the informal nature of the Financial Ombudsman Service. Instead, I'll focus on the crux of Ms G's complaint, namely whether Covea treated her fairly.

The issue here for me to determine was whether it was fair for Covea to decline to renew Ms G's existing pet insurance policy underwritten by them in 2022, and if so, what they should do to put things right.

It's important to point out that Ms G took out a lifetime pet insurance policy in 2012. This is of note because one of the primary features of that type of policy is that it will cover the treatment of ongoing conditions that occurred after it was taken out, as long as it is renewed. And in this case Ms G's pet had an ongoing condition for which treatment was required over the years. That meant that when Covea decided not to renew her policy any further in 2022, Ms G was left to fund those costs herself.

Whilst it's not for us as a Service to determine what risks an insurer is and isn't prepared to cover, we are able to make determinations about whether decisions taken by insurers when refusing to offer insurance are fair. A decision not to renew what was initially taken out as a lifetime pet insurance policy should not be taken lightly. There are significant consequences for policyholders if an insurer adopts this approach, particularly in relation to the ongoing costs of existing conditions that would ultimately be borne by the consumer going forward as other pet insurance policies are unlikely to cover them. If such a decision is taken, then we would expect insurers to ensure they made clear that this could happen from the outset of the policy being taken out before renewal and the circumstances in which this could happen so that a consumer understands the risks to them.

In this case I haven't seen anything from the point of sale of the policy in 2012 that sets out that the insurer at the time - and therefore any subsequent underwriters of the same policy - may decide not to renew it if Ms G's pet is found to show signs of aggression. I appreciate that Covea were not the underwriter of the policy in 2012 and that it wasn't until 2020 that exclusions were applied to the policy for pets that showed signs of aggression that this became a concern for them. But this doesn't negate the original offer of a promise of lifetime cover, which began in 2012. And in the absence of anything to support that there was a risk the policy wouldn't be renewed on this basis from inception being drawn to Ms G's attention, I'm not satisfied Covea were entitled to decline to renew the policy when they did.

Covea have provided several documents from the time they became the underwriter of the policy in 2018 which they say supports that renewal was not guaranteed each year. Even if I accept that Covea aren't bound by the original offer of lifetime cover without the original insurer having made this risk clear, I would need to be satisfied that Covea provided specific information to Ms G about how the policy would operate in relation to cover for pets that shows signs of aggression and that this was drawn to her attention to reach the conclusion that they could limit cover in some way. Covea have provided extracts of their policy wording from 2018 to 2023. It wasn't until 2020 that exclusions were added for dogs that showed aggressive tendencies. But the information Covea have provided doesn't support that they might decide not to renew the policy or seek to limit cover was specifically drawn to Ms G's attention. Rather they've supplied details of the exclusions themselves within the policy terms and that does not go far enough in my view. This is supported by the renewal letter Ms G's broker sent to her when Covea became the insurer of the policy which said:

"The insurer is Covea Insurance plc who are a UK based and regulated company. The move

to Covea Insurance does not change the Terms and Conditions of the policy which remain essentially the same”.

Whilst Covea weren't responsible for the content of that letter, they didn't do anything to correct Ms G's understanding, such that she had reason to think the terms of the policy might change. In addition, any questions that might have been asked of new customers taking out cover aren't relevant here because they weren't asked of Ms G at renewal. So, I don't think Covea treated Ms G fairly by making it clear what would happen to her policy if her dog was found to be aggressive.

But even if the information Covea presented in 2018 had been clear enough to draw Ms G's attention to the limitation in cover going forward, I would also need to be satisfied that Covea were entitled to restrict cover in the way that they have here in order to say they acted fairly. And I don't think that's the case. I acknowledge that Covea say they would not have offered cover at all if a policyholder's dog had demonstrated aggressive tendencies in relation to claims for injury, illness and third-party liability. I have reviewed Covea's underwriting criteria and I note that it supports that it was an unacceptable risk for them to insure a pet where it had displayed aggressive tendencies and directs them to cancel policies back to the applicable renewal. Whilst I accept that is what the underwriting criteria say, Covea still needed to demonstrate that the exclusion was drafted in a way that protected against an *actual* risk. The information Covea have supplied in the way of links to various journal articles doesn't satisfy me that that's the case, particularly on the question of limiting cover for illnesses for dogs who have shown aggressive tendencies.

So, my decision remains the same regardless of the information failings by Covea. And Covea's further submissions about how their policies are structured to operate make no difference to my finding about their failure to demonstrate their exclusion was drafted in a way that protects against an actual risk.

Covea has said that their policy wouldn't have extended to protect a dog that was registered under the Dangerous Dogs Act 1991 from the time they took over as Ms G's insurer. Whilst I accept that a Control Order was put in place by the Police in 2015, Covea haven't demonstrated how this extends to Ms G's dog. The requirement is for the dog to have been *registered*. It's unclear why Covea considers that was the case here. Either way, Covea did not raise this issue with Ms G when offering her cover nor when they decided not to renew the insurance. Given it did not inform their decision not to renew cover, it's not something I'm considering as part of this complaint.

Ultimately Ms G has lost out as a result of not being told cover could be refused at renewal if her pet showed aggressive tendencies. Given Covea haven't demonstrated that the exclusion they applied here was drafted in a way to protect against an actual risk with reference to persuasive evidence, particularly on the question of cover for illness, Covea need to do something to put things right. As a result, I think they should accept the claims Ms G would have made under the policy had it been renewed by them for claims that were not associated with the pet's aggressive tendencies subject to the remaining policy terms, until the pet passed away. Covea should also pay Ms G interest of 8% per annum on these claims one month after the date they would have been made, until the sum payable in respect of them is discharged. Covea are however entitled to deduct the cost of the policy premium that would have been paid by Ms G, setting aside the pet's history of aggression.

I also agree with the investigator's award of £300 for the distress and inconvenience caused to Ms G by Covea's decision not to renew her policy and direct them to pay that. I think that sum adequately reflects the impact of their decision and the worry this would have caused Ms G in the circumstances, which was compounded by her having to fund her pet's ongoing treatment herself from 2022 onwards.

Covea have asked what would have happened at future renewals with Ms G's pet had it not passed away in this case. Whilst I can't determine how we would approach lifetime cover pet insurance policies in every situation, I think that if an insurer wishes to make a fundamental change to a policy that was sold as being lifetime cover, it will need to make that very clear ideally from the outset of cover being taken out, or when that promise has been taken over from another insurer. I would also expect it to ensure that any exclusion it puts in place is evidenced by a genuine risk. How that situation might present itself differently in future complaints will all depend on their own individual facts, which I can't pre-empt here. The findings I've made in this case are specific to their own circumstances and facts.

Putting things right

Covea should:

- accept the claims Ms G would have made under the policy had cover been renewed by them for claims that were not associated with the pet's aggressive tendencies, subject to the remaining policy terms, until the pet passed away.
- pay Ms G interest of 8% per annum on these claims one month after the date they would have been made, until the sum payable in respect of them is discharged.

Covea will be entitled to deduct the cost of any premium payable on the policy, based on the applicable renewal cost, setting aside the pet's history of aggression.

My final decision

For the reasons set out above, I uphold Ms G's complaint against Covea Insurance plc and direct them to put things right as I've set out in this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 10 January 2025.

Lale Hussein-Venn
Ombudsman