

## **The complaint**

Mr and Mrs H have complained that ReAssure Limited repeatedly told them they both had critical illness cover. But, when Mr H tried to make a claim, ReAssure told him only Mrs H had that cover.

## **What happened**

In 1997, Mr and Mrs H took out a mortgage with a business I'll call L. Alongside this, they bought an endowment plan. The plan provided life cover for them both. But an extra premium was due from Mr H on the basis of the medical history he'd declared. And it only provided £26,000 worth of critical illness cover for Mrs H.

The policy was later sold by L to ReAssure. ReAssure sent Mr and Mrs H statements, which said they both had cover for life and critical illness.

In 2018, Mr H was diagnosed with lymphoma. He was subsequently diagnosed with another form of cancer. In 2021, he submitted a claim to ReAssure for the critical illness benefit.

ReAssure considered the claim and declined it. They wrote to Mr H and told him he'd never held critical illness cover. And they provided a copy of L's paperwork confirming this.

Despite what ReAssure told Mr H, they wrote to Mr and Mrs H again twice in 2022, setting out policy information. Both letters again showed they both had critical illness cover.

Mr H complained to ReAssure about what had happened. And he said he'd been told during calls to ReAssure he had cover. So it was devastating to be told that wasn't the case. He told ReAssure he thought they should honour the claim.

ReAssure considered the complaint and apologised for incorrectly telling Mr H he'd had critical illness cover when that wasn't the case. They said that, when he'd made a claim in 2021, they'd told him he didn't have this benefit under the policy and had sent him a schedule showing the cover he and Mrs H had.

While ReAssure acknowledged their mistake, they said they wouldn't provide cover as Mr H had never had the benefit of critical illness cover. They offered Mr H £300 compensation for what had happened.

Mr and Mrs H weren't satisfied with ReAssure's response and brought their complaint to us. Our investigator considered it and thought ReAssure should offer more compensation for the distress their mistake had caused. He thought £600 was a more appropriate sum to recognise this. But he said he couldn't say ReAssure should pay the critical illness claim, as the policy schedule Mr and Mrs H had received from L made it clear this was excluded.

ReAssure accepted the investigator's view. Mr H felt £600 wasn't enough to compensate him for what had happened and that £1,000 was a more appropriate figure. ReAssure declined to offer this. So I've been asked to make a decision.

## **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 that, I'm upholding Mr H's complaint. But I'm not requiring ReAssure to pay any more than the £600 our investigator thought was a fair amount to resolve this complaint. I'll explain why.

I understand why Mr H feels ReAssure should pay his critical illness claim. But I can only direct a business to do more in relation to something they've done wrong. I'm satisfied from the documentation I've seen that Mr H didn't have critical illness cover. So I can't say ReAssure did anything wrong by declining his claim.

But ReAssure did send Mr and Mrs H an annual statement which indicated they both had critical illness cover. So I'm not surprised Mr H tried to make a claim in 2021. ReAssure declined that claim and wrote to Mr H explaining why in mid-May 2021.

But Mr H's concerns were aggravated by receiving two more letters in spring 2022, which again said he had critical illness cover. ReAssure have said this was because, when they bought the policy, the details were incorrectly loaded into their system and, although they've tried to get them changed, this can't be done.

I accept that explanation. And I think it's the most likely reason Mr and Mrs H continued to get letters telling Mr H he had a benefit he didn't. But I agree with our investigator it unnecessarily increased Mr and Mrs H's stress at a difficult time for them. I think they should be compensated for that.

## **Putting things right**

ReAssure originally offered Mr and Mrs H £300 compensation for sending them letters containing the wrong information. Our investigator thought that should be increased to £600. Mr H has told us he wants at least £1,000, but really feels ReAssure should pay £9,000. I've thought carefully about what amount is fair here.

Mr H has based what he's said on the difference between the value of the critical illness benefit and the maturity value of the endowment. I understand his reasoning. But Mr H had no critical illness cover. So he was never entitled to any payment under that part of the policy. Nor is the maturity value relevant to the issue of Mr and Mrs H receiving incorrect information about the cover they had.

I'm only considering the level of compensation for receiving that wrong information. I'm satisfied that it caused Mr and Mrs H considerable distress and upset. And that, having been told in 2021 Mr H had no critical illness, the 2022 letters would also have been confusing. I agree with our investigator that £600 is a reasonable amount of compensation for the distress and confusion ReAssure have caused them.

## **My final decision**

For the reasons I've explained, I'm upholding Mr and Mrs H's complaint about ReAssure Limited and directing ReAssure to pay them £600 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 15 February 2023.

Helen Stacey  
**Ombudsman**