

## **The complaint**

Mr E's complained that TenetLime Ltd failed to record his answers to a health and lifestyle questionnaire accurately – which resulted in the insurer declining the terminal illness claim he made on his policy on the basis of misrepresentation.

## **What happened**

In autumn 2020, Mr E consulted TenetLime to help him find life cover. He had a budget of around £20 per month. TenetLime took him through an application to purchase a policy from an insurer I'll call B. B accepted the application and sold Mr E an increasing life insurance policy, providing an initial sum assured of £25,514 for a monthly premium of £22.50.

In 2022, Mr E was very sadly diagnosed with terminal cancer. So he made a claim on the policy he had with B.

B declined Mr E's claim, cancelled the policy, and refunded the premiums he paid them. B said this was because Mr E hadn't answered questions about his health and lifestyle accurately when he applied. They said Mr E hadn't told them that he had raised blood pressure – but their investigations showed a history of this. And they noted Mr E's medical records also showed there was an issue with his heart, raised cholesterol and blood sugar and abnormal liver function.

B said they'd not investigated these other conditions but reserved the right to do so. And they said that, if Mr E had answered the question about his raised blood pressure accurately, they wouldn't have sold him the policy.

Mr E had told TenetLime about his raised blood pressure. So he complained that they'd not accurately recorded his answers to the questions – which resulted in him being left without life cover when he needed it. And he said he'd been deprived of the chance to buy alternative cover, such as over 50s plans, which weren't underwritten. Mr E said TenetLime should compensate him by paying the value of the policy at that point (£28,209), as well as interest.

TenetLime accepted their agent had been told about Mr E's blood pressure and hadn't recorded Mr E's answers accurately. But they said Mr E had given inaccurate answers to questions about his heart and raised cholesterol, which they said would have contributed to B's decision. TenetLime offered Mr E £500 for the shortcomings in their service.

Mr E wasn't satisfied with TenetLime's response and brought his complaint to our service. Our investigator considered the matter and concluded that, while TenetLime should pay the £500 they'd offered, they didn't need to do more than this to resolve Mr E's complaint.

The investigator explained he'd thought about what position Mr E would have been in had TenetLime done nothing wrong. He said he would have known B wouldn't provide him with cover. And he was satisfied from his enquiries of TenetLime that it was unlikely any other insurer would have done so either.

The investigator noted that TenetLime sold over 50s plans which weren't medically underwritten. But these usually have a moratorium period so he couldn't say whether these would have paid out or whether the premiums would have been refunded – which would have left Mr E in an identical position. And he noted Mr E would have had to buy a number of policies to get the level of cover he had with B, which would have cost more than B's premiums.

So while the investigator didn't think TenetLime should pay Mr E what he may have been able to claim under the policy, he did think he should be compensated for losing the opportunity to make alternative arrangements. He thought £500 was a reasonable amount of compensation for that.

Mr E didn't agree with our investigator's view. He said that a number of over 50s policies only have a one year moratorium and would have provided an appropriate level of cover. And he said he would have been prepared to pay a higher premium to get the cover he wanted, had he known that was the option available to him.

The complaint's now been passed to me to make a final 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 E's complaint. But I'm not requiring TenetLime to pay him more than the £500 they've already offered him. I know that decision will be upsetting for Mr E and I'm sorry about that. I'll explain how I've come to my conclusion.

I was extremely sorry to hear about Mr E's current state of health. And I understand why he feels TenetLime should pay him the sum he would have received from B had he made a successful claim.

But I could only say TenetLime should pay that amount if I were satisfied that the only reason Mr E's claim was declined was because their agent filled in the form incorrectly. Unfortunately for Mr E, I don't think I can reasonably say that.

Because of his current state of health, Mr E has had the support of a representative to bring his complaint to our service and our correspondence has been with them. The representative provided B's response and said this showed they'd declined Mr E's claim only on the basis of the way the questions about his blood pressure were answered.

I've read B's letter. And I don't agree with what the representative has said. While the only specific question B has said should have been answered differently is the one relating to raised blood pressure, the letter makes clear they were reserving their position in relation to Mr E's other medical issues. So I think it's reasonable to say that, had they been satisfied on the blood pressure issue, they'd have made enquiries about these other conditions. And TenetLime's response to the complaint identifies that Mr E provided inaccurate answers to their agent about those issues.

So I can't reasonably say that, but for TenetLime's shortcomings, B would have accepted Mr E's claim. And that means I can't say they should pay Mr E the amount B would have paid in the event of a successful claim.

Nor am I satisfied, were it not for TenetLime's actions, Mr E would have got an equivalent sum of cover elsewhere. I agree with our investigator it's unlikely Mr E would have been

able to buy a medically underwritten policy elsewhere. But Mr E says, had he known this, he would have shopped around for alternatives, such as over 50s plans, which aren't underwritten.

I've thought carefully about this. Whole of life policies (of which over 50s plans are an example) generally provide a relatively modest amount of cover when someone dies, in return for a monthly premium. The exact level provided depends on the premiums paid, which usually vary according to the buyer's age and smoker status.

The only evidence of affordability I have is that Mr E was paying B a premium of £22.50. I understand this was in line with what he told them he could afford. TenetLime confirmed to the investigator that, for £22, he could have bought an over 50s plan from them, which provided cover of £3,667. That's significantly less than the £25,000-plus cover he had with B.

I appreciate Mr E could have bought several policies. But that would have cost significantly more than the budget he gave TenetLime. I'm not persuaded that, even accepting Mr E's statement he would have been prepared to increase what he paid, he would have increased his premium payments to achieve an equivalent amount of cover – which, based on the information from TenetLime, could have been in the region of £150 per month. And without a reasonable degree of certainty about what cover Mr E would have purchased, I don't think it's fair to say TenetLime should pay him a sum equivalent to a particular level of cover.

But, like our investigator, I do think TenetLime should pay Mr E a sum to compensate him for losing the opportunity to make alternative arrangements. Having reviewed our published compensation approach, I agree the £500 is within what is fair and reasonable in this case. So I think TenetLime should pay £500 to Mr E.

### **My final decision**

For the reasons I've explained, I'm upholding Mr E's complaint about directing TenetLime Ltd to pay him the £500 compensation they've previously offered him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 20 July 2023.

Helen Stacey  
**Ombudsman**