

The complaint

Mrs P complains she gave Quilter Mortgage Planning Limited (“Quilter”) accurate and honest answers to the health questionnaire when it sold her life cover, but around two and a half years later her cover was reduced by the policy provider due to her health condition.

Mrs P seeks a return of the premiums she paid, as she says she wouldn’t have started the policy at all if she had been quoted the reduced life cover amount at the start. She also seeks redress for her time and distress.

What happened

Mrs P took out life cover sold to her over the phone by Quilter. It offered her almost £50,000 of cover. There is no recording of the application phone call to show what was said. Policy premiums were £12 a month, which is the amount Mrs P wished to spend on cover.

The policy was accepted by the provider and cover started. There was contact between Mrs P and the provider at the start. Quilter thinks this was initiated by the provider as part of its underwriting and is related to what later led to Mrs P’s cover being reduced. But Mrs P says she contacted the provider to ask it to correct the policy to show her as a non-smoker.

The policy provider requested access to Mrs P’s full medical records about two years later.

Quilter thinks this was because the provider had knowledge of Mrs P’s condition due to the condition occurring while she was covered by an earlier policy with the same provider. But Mrs P says that earlier policy was cancelled almost straight away, due to affordability, and before her condition occurred. Mrs P says the provider’s request was made after she pointed out her condition to the provider herself.

Around six months later the provider reduced Mrs P’s cover to closer to £10,000 to reflect her medical condition. Mrs P says her smoker status was never amended despite her efforts.

Mrs P complained to Quilter that she had told it of her medical condition. Quilter says she did not disclose it and it did not uphold her complaint.

Our investigator considered Mrs P’s complaint and didn’t think it should be upheld. They thought Quilter was at fault for Mrs P being put down as a smoker when she wasn’t. But they didn’t think the smoker status error affect how her cover was reduced later, so they didn’t uphold the complaint or think this made a difference to it.

Mrs P thought the error showed Quilter wasn’t careful and helped to show Quilter was responsible for her medical condition not being entered onto her application at the start.

As Mrs P didn’t accept our investigator’s findings, the matter couldn’t be resolved informally and so it has been passed to me to decide.

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.

I'm satisfied Mrs P's smoker status was shown incorrectly on her policy due to an error by Quilter. I reach this view because Quilter's own notes showed Mrs P as a non-smoker.

I take the view that the smoker status error is likely why there was contact between Mrs P and the provider to start with, like she says. I say this because Mrs P's policy was accepted and started by the provider on standard terms. I don't think it likely the provider would've done this had it known of Mrs P's condition from her earlier policy, like Quilter suggests, or if it had still been making enquiries into Mrs P's state of health for its underwriting. Also Mrs P says the provider didn't have previous knowledge of her condition, as her earlier policy was not in force when it occurred. I've seen nothing to make me doubt this testimony.

I note this error wasn't corrected and it seems to me it caused Mrs P inconvenience. But if it made a difference to the quote she was given, it would mean she was quoted less cover for her premium. So I don't think the error induced her to start the policy as, if anything, it made the policy less attractive. I don't think Mrs P would've been put off the policy had she been given a non-smoker quote, because, if anything, it would've given her more for her premium.

But Mrs P's point is that if the quote had reflected the reduced cover that the provider was prepared to offer with knowledge of her medical condition, she wouldn't have thought this worthwhile and she wouldn't have taken out the policy. I see no reason to doubt that either.

It follows that what is at issue is why Mrs P's condition wasn't disclosed to the provider at the start and in particular whether this error - whether deliberate or not - was down to something done wrong by Quilter or by Mrs P or by both or neither of them. Mrs P emphasises that she declared her complete medical history at the start.

I've thought about all this carefully.

I'm satisfied the questions on the questionnaire, if asked and answered correctly, ought to have led to Mrs P's condition being included on her application. There is no recording of the application phone call to show exactly what was said. So I don't know exactly how the questions were asked or answered. So there is no direct evidence of that kind to show that either Quilter or Mrs P was at fault for how the questions were asked or answered.

Mrs P makes the point that she had no incentive to answer the questions incorrectly, as it would just have invalidated her cover in the event of a claim. With this in mind I'm persuaded Mrs P did not deliberately keep details of her medical condition from Quilter. But this still leaves the possibility that her condition wasn't mentioned due to an inadvertent mistake or misunderstanding, on the part of Mrs P or of Quilter.

Quilter says there was a safeguard in that the policy provider sent to Mrs P a copy of the questionnaire and her answers to it before the policy started or around that time. Mrs P says she didn't receive anything of that kind – and I haven't seen proof Mrs P was sent anything showing her medical answers. So I've proceeded assuming she wasn't sent this.

Mrs P points out that Quilter's error on her smoker status shows there were problems with how it went about completing her application. I agree and I've thought carefully about this. But, on balance, I don't think this is enough in itself from which to conclude that most likely Quilter did make the mistake of not including Mrs P's health condition on her application after she told Quilter about it – or that Quilter was at fault for asking the questions in such a way that it led to Mrs P's health condition not being properly disclosed by her.

I make my decisions on the balance of probabilities, meaning I've got to decide what I think

is most likely – and I can conclude that Quilter is at fault so long as I think that Quilter is more likely than not at fault. In this case, the lack of direct evidence, and the various other possibilities, mean that what I have doesn't persuade me that an error or fault on the part of Quilter was to blame for Mrs P's application not including mention of her health condition. So, on balance - and it is a very fine balance indeed - I've decided that what I have isn't enough to uphold this part of Mrs P's complaint. But I do think Quilter caused Mrs P inconvenience due to the fault for which I've found it to blame, concerning her smoker status.

Clearly the bulk of the distress and inconvenience Mrs P has suffered is related to the reduction in life cover and the issues concerning her medical condition not being included on her application correctly. So, as what I have doesn't persuade me that it would be fair to uphold that aspect of her complaint, I do not make an award for that inconvenience or distress. But I am convinced Quilter made an error on Mrs P's smoker status and I think it fair and reasonable that Quilter compensate her for the inconvenience she suffered that resulted from that. With that in mind I've decided Quilter should pay Mrs P £150.

I acknowledge this is less than a refund of all Mrs P's monthly £12 premiums. But my award is for the inconvenience I've identified was caused to Mrs P specifically by the fault of Quilter's I've identified above, rather than for anything else.

For the reasons I've given, I uphold Mrs P's complaint in part. I'm grateful to Mrs P for her courtesy and her prompt replies to our enquiries throughout, and I thank the parties for the assistance given to us during our consideration of these matters.

Putting things right

I've decided a fault by Quilter caused Mrs P inconvenience, as described in more detail above. To put things right, Quilter Mortgage Planning Limited should pay Mrs P £150 as compensation for that inconvenience.

My final decision

In light of all I've said above, and for the reasons I've given, I uphold Mrs P's complaint in part. Quilter Mortgage Planning Limited must put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 12 February 2024.

Richard Sheridan
Ombudsman