

The complaint

Miss M's complained – on behalf of her late father, Mr M's estate – that AIG Life Limited declined the claim made on Mr M's life insurance policy when he passed away, because they said Mr M hadn't provided accurate information about his health when he'd made his application.

What happened

At the start of 2018, Mr M contacted a broker for support in applying for a life insurance policy. He completed AIG's application documents, which included a health questionnaire. The application was accepted and the policy commenced in January 2018.

Mr M sadly died in early 2023. Miss M made a claim on behalf of his estate. AIG gathered evidence, including Mr M's medical records, to help them assess the claim.

Having reviewed that information, AIG declined the claim. They said Mr M's medical records showed that, in 2016, he'd consulted his GP because he was having chest pains. The GP referred him to a cardiologist, who told Mr M further tests were needed to find out what was wrong. Mr M didn't attend for the further tests.

AIG said this series of events meant Mr M should have answered two questions differently on his application. Those questions said:

"Have you received or been advised to have any medical investigations, scans or blood tests in the last 5 years?"

"Have you been referred to, or been to see, any medical practitioner other than your GP in the last 5 years?"

Mr M answered "no" to both questions. AIG said he should have answered "yes". They said that, by answering "no", Mr M made a deliberate misrepresentation, which allows them to decline the claim and void the policy. They said they would refund Miss M the premiums her father had paid, which totalled £1,204.80.

Miss M complained, but AIG didn't change their position. So Miss M brought the estate's complaint to our service. Our investigator reviewed all the information and concluded AIG didn't need to do any more to resolve the complaint. She said their decision that Mr M had misrepresented his health was reasonable in light of the available evidence.

Miss M didn't agree with the investigator's view. So I've been asked 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 not upholding the estate's complaint. I know Miss M will find that distressing and I'm sorry that's the case. I hope it will help if I explain the reasons for my decision.

In the estate's complaint to our service, Miss M said that her father died of cancer, not issues with his heart. And that no heart issues were picked up while he was undergoing treatment. I understand why she'd feel this is relevant. But insurers decide what cover to offer customers – and at what cost – based on the risk an individual presents at the time of purchase. They need accurate information to do this. And they can review this in the event of a claim being made – as AIG did here.

Insurers need to deal with claims fairly, consistently and in line with the relevant law. The relevant law in this case is the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). This requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract (a policy). The standard of care is that of a reasonable consumer.

And, if a consumer fails to do this, the insurer has certain remedies - provided the misrepresentation is (what CIDRA describes as) a qualifying misrepresentation. For it to be a qualifying misrepresentation, the insurer has to show it would have offered the policy on different terms - or not at all - if the consumer hadn't made the misrepresentation.

CIDRA sets out a number of considerations for deciding whether the consumer failed to take reasonable care. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless, or careless.

In this case, AIG say Mr M misrepresented his health by how he answered the questions I've set out above. I think the questions are clear.

I've no doubt from what I've seen in our files that Miss M didn't know her father had either consulted his GP or seen a cardiologist in late 2016. But his medical records make it clear he did so.

The GP consultation related to a symptom (chest pains) which is generally known to be serious. And the GP referred Mr M to a consultant, who in turn wanted to conduct more tests. So I don't think it's reasonable to say he would have forgotten about this just over a year later. And I don't think he took reasonable care in answering the questions and made a misrepresentation.

I'm satisfied the misrepresentation is a qualifying one, because AIG have shown they wouldn't have offered Mr M a policy on the same terms if they'd known about his chest pains. AIG have evidenced that, if they had known about them, they would have postponed offering cover until the tests the cardiologist said were necessary had been completed.

That means AIG are entitled to deal with the policy in line with the remedies laid out in CIDRA. In cases where a consumer makes a qualifying misrepresentation, an insurer is entitled to decline the claim and void the policy. If they categorise the misrepresentation as deliberate or reckless, they can keep the premiums paid. But if the misrepresentation is careless, the premiums should be refunded to the insured or their estate.

AIG have categorised Mr M's misrepresentation as deliberate. As I've said above, I don't think he would have forgotten his appointments. So I think that categorisation is fair.

Despite this, AIG have said they'll refund Mr M's premiums to his estate. To date, Miss M has declined that offer. I'd expect AIG to honour that offer if she now chooses to contact

them to accept it. But I don't think they need to do any more to resolve the estate's complaint.

My final decision

For the reasons I've explained, I'm not upholding the complaint Miss M's made on behalf of the late Mr M's estate about AIG Life Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr M to accept or reject my decision before 10 May 2024.

Helen Stacey
Ombudsman