

The complaint

Mrs B complains about the sale of her life and critical illness insurance policy by Reassured Ltd.

What happened

In 2019, Mrs B applied for a life and critical illness policy through Reassured. The insurer accepted Mrs B's application. However, it excluded breast cancer from the critical illness cover, and also decided not to offer her total permanent disability (TPD) cover.

Mrs B later made a TPD claim under the policy. The insurer advised her that she didn't have this cover.

Mrs B complained to Reassured about the sale of the policy. She said she hadn't been offered TPD cover by Reassured and hadn't been told the insurer had decided not to offer it to her.

Reassured accepted that it hadn't made Mrs B aware of the insurer's decision, and that it ought to have done. However, it didn't think this would've made a difference to Mrs B's decision to take out the cover. It offered her £100 compensation for the inconvenience she'd experienced as a result. Unhappy with this, Mrs B brought a complaint to this service.

Our investigator looked into things, but she didn't think the policy had been mis-sold. Nonetheless, she agreed that Reassured ought to have told Mrs B that the TPD cover had been declined by the insurer. She thought the £100 compensation offered by Reassured was reasonable.

Mrs B didn't accept our investigator's findings, and so the matter has been passed to me for 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.

The policy was sold by Reassured on a non-advised basis. In other words, it didn't give Mrs B any advice about the suitability of the cover for her. However, it was still required to provide sufficient information to Mrs B about the policy so she could make an informed decision about whether or not to take it out. I've therefore considered what was discussed when Mrs B took out the policy.

Mrs B had been looking into obtaining life insurance online to provide some protection to her family in case she passed away. She wasn't working at the time and was in education. Reassured spoke with her about her different options so it could provide her with some quotes. I haven't been provided with a call where critical illness was initially discussed as an option, but in a follow-up call with Mrs B and her husband, Reassured explained that the

policy would pay a lump sum in the event of death or diagnosis of a critical illness listed in the policy.

When the insurer underwrote the application, they decided to exclude breast cancer that Mrs B had previously been diagnosed with, and also declined to offer TPD cover.

Reassured spoke with Mrs B and told her that breast cancer had been excluded. Mrs B made it clear that she'd wanted critical illness cover in case this condition came back in the future. Reassured wrongly told Mrs B that everything else would be covered on the policy, apart from that condition. It failed to tell her that the insurer wouldn't offer TPD cover.

So it's clear that Reassured made an error here. It should have told Mrs B that the insurer wouldn't cover her for TPD. When a business does something wrong, the aim of this service is to place the consumer back in the position they would have been, if the error hadn't happened. I've therefore thought about what Mrs B would have most likely done, if she'd been told she didn't have TPD cover.

Based on the calls I've heard I think it's apparent that Mrs B wanted a lump sum paid in the event of her death or reoccurrence of cancer. Although breast cancer had been excluded by the insurer, it was confirmed by Reassured that cancer in other parts of the body would be covered. Although Mrs B was upset with the insurer's decision to exclude breast cancer, she decided to go ahead with the cover.

TPD benefit is usually included as part of critical illness cover, and it pays benefit if someone is totally and permanently disabled and unable to work (or if they aren't working at the time, they might be assessed against their ability to carry out certain tasks). TPD wasn't discussed in the calls I've listened to, and I understand that part of Mrs B's complaint to Reassured was that she hadn't been offered it.

TPD was included in the application that Reassured submitted to the insurer. However, I wouldn't have expected Reassured to tell Mrs B about everything covered under the policy – Reassured told Mrs B that the policy paid a lump sum if she were diagnosed with one of the critical illnesses that were listed in the policy. And that she would receive a full list of these in the policy document. I'm satisfied this was an accurate description of the main aim of the policy. If Mrs B hadn't been aware the policy included TPD, then it wouldn't have formed part of her decision to take out the policy.

Taking everything into account, if Reassured had told Mrs B that the insurer had declined to offer her TPD cover, I don't think this would have made a difference to her decision to go ahead with the policy.

Nonetheless, Reassured has recognised that Mrs B was caused some inconvenience by the matter as she'd asked the insurer to consider a TPD claim. I agree she wouldn't have done this if Reassured had made it clear to her that she didn't have this cover. Although the insurer told Reassured that they had made Mrs B aware she didn't have TPD cover in their offer letter to her, I understand Mrs B doesn't recall receiving this. Reassured has offered Mrs B £100 compensation for the inconvenience of raising a claim, and that seems reasonable to me.

My final decision

Reassured Ltd has already made an offer to pay £100 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Reassured Ltd should pay £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 25 July 2024.

Chantelle Hurn-Ryan
Ombudsman