

The complaint

Mrs B has complained that Legal and General Assurance Society Limited was unable to locate a policy that she had taken out and has declined a critical illness claim.

What happened

The background to this matter is well known to the parties. In summary In July 2007, Mrs B was recommended a decreasing term assurance policy with critical illness cover which she took out. It covered her solely for 20 years with a sum assured of £50,000. She paid a monthly premium of £17.06.

Unfortunately, in October 2023, Mrs B suffered a heart attack. She called L&G to try and make a claim on her critical illness cover but was told the policy didn't exist. She was extremely upset by this as she had paperwork to prove she had taken out the policy.

After further investigations, L&G found the policy - because it was in Mrs B's maiden name it had not been found earlier. L&G said the policy was cancelled in October 2012 due to non-payment of premiums. So, the policy was no longer in force for Mrs B to make a claim.

L&G offered £100 compensation for the delay in responding to Mrs B about her policy. She remained unhappy with their response and referred her complaint via a representative to our service.

Our investigator didn't recommend that it be upheld. She said that no payment was due under the critical illness policy as it was no longer live. She noted that Mrs B had another policy with L&G, but that didn't include critical illness cover.

Mrs B appealed. Mrs B is represented, but for simplicity I will just refer to representations as being made by Mrs B.

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.

Although I've summarised the background to this complaint no discourtesy is intended by this. Instead, I've focused on what I find are the key issues here. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts. I recognise that Mrs B will be very disappointed my decision, but I agree with the conclusion reached by our investigator. I'll explain why.

I'm sorry to note that Mrs B needed to make a critical illness claim. However I'm satisfied by the evidence I have seen that her critical illness policy with L&G lapsed in October 2012 due to non-payment of premiums.

I understand that Mrs B doesn't believe that that 2012 policy was cancelled, and says she still pays the premiums. Mrs B does have a decreasing term assurance policy with L&G taken out in 2014 and for which she pays premiums, but that policy doesn't have critical illness cover. It is not the same policy as the one started in 2007.

I'm satisfied that the last premium for the policy with critical illness cover was paid on 4 July 2012. L&G sent arrears letters to Mrs B, but the policy subsequently lapsed as no further premiums were paid. This being so there is no basis for me to require L&G to make any critical illness payment to Mrs B – her original policy lapsed and her later policy doesn't have critical illness cover.

L&G offered compensation to Mrs B of £100 for the delay responding to her enquiry about her policy. I think that was fair.

My final decision

My final decision is that I don't uphold Mrs B's complaint regarding her critical illness policy.

L&G has already made an offer to pay £100 for the delay in responding and I think this offer is fair.

My decision is that Legal and General Assurance Society Limited should pay Mrs B £100, if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 16 December 2024.

Lindsey Woloski
Ombudsman