

## **The complaint**

Mr and Mrs M have complained that AIG Life Limited ('AIG') unfairly declined a claim for one of their children who I will call C1.

## **What happened**

Mr and Mrs M have critical illness insurance policies, underwritten by AIG, which provide cover for their children.

They made claims for three of their children. AIG initially declined all three claims but following an earlier complaint to this Service, it revised its position and paid claims for two children but maintained the decline for C1's claim.

Unhappy Mr and Mrs M asked the Financial Ombudsman Service to review their new complaint about the decline of the claim for C1.

Our investigator found AIG had fairly applied the exclusion in relation to C1 and didn't uphold the complaint.

Mr and Mrs M disagreed and in summary, say the claim for C1 should also be paid as they were not aware of the condition she was eventually diagnosed with when they took the policy out and their doctors never discussed what the condition may be.

And so the case has been passed to me for 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 so, I don't think this complaint should be upheld. I'll explain why.

The relevant rules and industry guidelines say an insurer should handle claims promptly and fairly. And shouldn't unreasonably reject a claim.

- The policy terms include an exclusion which says:

*"When we won't pay children's critical illness cover – Group 1 or Group 2*

*"If either parent was aware of the increased risk of the child having the condition or had received counselling or medical advice in relation to the condition before the children's cover started, was last restarted or before the child was covered by the cover."*

- AIG declined the claim as it said the above exclusion applies. It has paid claims for two of Mr and Mrs M's children but has said the circumstances for those children are different.

- As AIG relied on an exclusion to decline the claim for C1, I will focus on whether I think AIG has fairly applied the exclusion.
- The exclusion refers to a “*condition*”. And a claim won’t be paid if either parent was aware of the increased risk of the child having the condition. And it won’t be paid if they had received counselling or medical advice in relation to the condition before the cover started.
- “*Condition*” isn’t defined in the policy and so I have applied the ordinary meaning of it using the Oxford dictionary definition: “*state of being*”. The exclusion doesn’t refer to a diagnosis. So it wasn’t necessary for Mr and Mrs M to be aware of the ultimate diagnosis. In this case, Mr and Mrs M had received medical advice prior to the policy starting in relation to C1 as testing had started before the start date of the policy.
- AIG has said C1 was experiencing symptoms including hearing loss, autistic behavioural traits, learning difficulties and delayed speech. AIG says all of these conditions were present before the policy was taken out so Mr and Mrs M were aware of these conditions as well as the abnormal genetic test about which they received advice. AIG acknowledges the significance of the genetic test result was unknown but says they still received advice and counselling.
- I accept that Mr and Mrs M did not know what the ultimate diagnosis was going to be. But that isn’t what the exclusion says. The exclusion refers to an increased risk *or* medical advice in relation to the condition. They did receive advice in relation to the condition due to the symptoms C1 was experiencing as well as the tests and investigations which eventually led to the diagnosis and a claim under the policy.
- Having considered everything carefully, I don’t think AIG has unfairly applied the exclusion to the claim for C1 based on the timing of the genetic test and her condition at the time, all before the policy was taken out. I am really sorry to disappoint Mr and Mrs M but I can’t fairly ask AIG to pay the claim.

### **My final decision**

For the reasons set out above, I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs M and Mr M to accept or reject my decision before 14 March 2025.

Shamaila Hussain  
**Ombudsman**