

The complaint

Mr and Mrs S of the S Trust complain about the way that Legal and General Assurance Society Limited (L&G) has handled a critical illness claim Mrs S made on a life insurance policy.

What happened

The background to this complaint is well-known to both parties. So I've simply set out a summary of what I think are the key events.

In 2019, Mrs S took out a life insurance policy which included critical illness cover. Unfortunately, in late July 2023, Mrs S was diagnosed with cancer and so she made a claim on the policy.

L&G investigated Mrs S' claim and it asked for medical evidence from her GP and the medical specialists treating her. However, there were some delays in the claim progression. These delays were largely because L&G was waiting for medical evidence and because there were delays in it reviewing information and moving the claim along.

Mr and Mrs S were unhappy with the delays in L&G's assessment of the claim and they complained.

L&G issued its final response to Mrs S' complaint on 10 January 2024. It acknowledged that it hadn't handled Mrs S' claim as promptly as it should have done. It offered Mr and Mrs S £300 compensation to reflect the upset it had caused them.

Mr and Mrs S didn't think L&G's compensation offer fairly reflected the distress and inconvenience they'd been caused by its handling of Mrs S' claim. So Mr and Mrs S asked us to look into this complaint.

Our investigator thought it had been reasonable for L&G to require medical evidence to assess Mrs S' claim and he didn't think L&G was responsible for any delays in the provision of that evidence. But he did think that L&G had caused some avoidable delays in the progression of the claim, which had caused Mrs S unnecessary trouble and upset. He considered the £300 compensation L&G had already offered was a fair award to put things right.

Mr and Mrs S disagreed and so the complaint's been passed to me to decide. I must make it clear that this decision will only consider L&G's handling of the claim up until it issued its final response letter of 10 January 2024. Mr and Mrs S have made a separate complaint about L&G's ultimate claims decision which will be considered in due course.

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, whilst I'm sorry to disappoint Mrs and Mr S, I think L&G has already made a fair offer of compensation to settle their complaint and I'll explain why.

First, I'd like to reassure Mrs and Mr S that while I've summarised the background to this complaint and their submissions to us, I've carefully considered all they've said and sent. I was very sorry to hear about Mrs S' diagnosis and it's clear that Mrs and Mr S have been through a very worrying and upsetting time. I was also sorry to hear about the impact of Mrs S' illness on her business and financial situation. I do hope her treatment is progressing well.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. I've taken those rules into account, together with other relevant considerations, such as industry principles and guidance, to decide whether I think L&G handled this claim fairly.

Mrs S' life insurance policy included critical illness cover. And it's clear that critical illness cover includes cover for cancer, if the applicable policy definition is met. So I don't think it was unreasonable for L&G to require medical evidence to demonstrate that Mrs S' diagnosis met the policy terms before deciding whether or not to cover the claim. I'm satisfied that L&G took reasonable and appropriate steps by requesting this information from Mrs S' treating doctors.

Unfortunately, it took some time for the medical information to be provided. This was outside of L&G's control – although I can see from its claims records that it took steps to chase up the evidence, as I'd expect it to do. Once the medical evidence was received, the information prompted L&G to ask for more medical evidence to allow it to validate the claim. Based on what I've seen, I don't think it was unreasonable for L&G to request further information from the treating doctors. And as I've said, I don't think I could fairly hold it responsible for any delay in that medical evidence being sent to it.

However, L&G accepts that it didn't handle this claim as well as it ought to have done. It acknowledged that due to a high volume of claims, Mrs S' claim wasn't progressed as promptly as it should have been. As such then, I find that L&G didn't fulfil its obligation to handle Mrs S' claim promptly. L&G offered Mrs S £300 compensation to reflect the impact of its claims handling errors on her and so I've gone to consider whether I think this award is fair.

Having taken into account L&G's claims notes and correspondence, I can see that there were times that it failed to review information as quickly as it could have done; that internal communications weren't actioned as promptly as I think they ought to have been and that it seems Mr S often had to request updates. I think L&G's errors here led to avoidable delays in the progression of Mrs S' claim.

And I can see from L&G's notes that Mr S told it about the impact the delays were having on Mrs S and the upset the claim delay was causing her. So I think it should have been on notice that its claims handling was causing additional, unnecessary distress to Mrs S at an already very difficult time for her. I think it's appropriate for L&G to pay compensation to Mr and Mrs S to reflect this.

In my view, the £300 compensation L&G has already offered Mr and Mrs S is a fair, reasonable and proportionate award which I think takes into account the likely material trouble and upset its actions caused them during a broadly five month period. I find this award fairly reflects the impact of the delays I think L&G was responsible for. I know Mr and Mrs S didn't accept L&G's offer and I'm sorry to disappoint them, but I think it's fair in all the circumstances of this complaint.

Putting things right

L&G must pay Mr and Mrs S total compensation of £300.

My final decision

For the reasons I've given above, my final decision is that Legal & General Assurance Society Limited has already made a fair offer to settle this complaint and I direct it to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S of the S Trust to accept or reject my decision before 1 November 2024.

Lisa Barham
Ombudsman