

## **The complaint**

Mr P complains about the way The Prudential Assurance Company Limited handled a serious illness claim he 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 the key events.

In May 2024, Mr P got in touch with Prudential to make a serious illness claim on his life insurance policy. He was due to undergo major surgery to remove what appeared to be a non-cancerous tumour. He provided Prudential with medical evidence so it could assess the claim.

Subsequently, in late July 2024, Mr P contacted Prudential to chase-up the claim. During his calls with Prudential's call handler, in brief, he was told that as the tumour hadn't yet been found to be malignant, a claim for the tumour and its removal wouldn't be covered by the policy.

However, the call handler noted that Mr P had been diagnosed with diabetes mellitus a few months earlier. So they told Mr P that he could make a serious illness claim for that condition and that he'd potentially get a pay-out of £7500. Mr P therefore made a serious illness claim for diabetes.

Prudential went on to turn down Mr P's claim. The serious illness cover provided by the policy was split into two levels – primary and comprehensive cover. Mr P held primary cover. And in any event, comprehensive cover only included cover for diabetes *insipidus*. It specifically excluded claims for diabetes mellitus.

Mr P was very unhappy with the way Prudential had handled his claim and he complained. He felt Prudential had wrongly raised his expectations that a serious illness claim would be paid. And he was worried about the impact his situation would have on his business.

Prudential accepted that it had raised Mr P's expectations in error and that it shouldn't have led him to believe he could make a claim for diabetes mellitus. So it paid him £400 compensation and offered him an apology.

But Mr P didn't think this was enough to put things right. He asked us to look into his complaint.

Our investigator felt that Prudential had already settled Mr P's complaint fairly. While he sympathised with Mr P's position, he didn't think it had been unreasonable for Prudential to conclude that Mr P's claim wasn't covered. And he considered compensation of £400 was a fair award to reflect Mr P's loss of expectation.

Mr P disagreed. In summary, he said he'd relied on what he'd been told by Prudential and had therefore spent over £2000 on ensuring his business could continue while he recovered

from major surgery.

The complaint's been passed to me to decide.

### **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 very sorry to disappoint Mr P, I think Prudential has settled his complaint fairly and I'll explain why.

First, I'd like to reassure Mr P that while I've summarised the background to this complaint and his detailed submissions to us, I've carefully considered all he's said and sent. I also hope Mr P is recovering well from the surgery he underwent. In this decision though, I haven't commented on each point that's been raised and nor do our rules require me to. Instead, I've focused on what I think are the key issues.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. I've taken those rules into account, together with other relevant considerations, such as industry principles and guidance, the policy terms and available evidence, to decide whether I think Prudential has treated Mr P fairly.

I've first considered the policy terms and conditions, as these form the basis of the contract between Mr P and Prudential. While Mr P has told us that his complaint isn't specifically about the decline of his claim, I think it would be useful to comment briefly on Prudential's claims decisions. I can see that Mr P held the 'primary' level of serious illness cover. His policy does provide serious illness cover for malignant tumours. But at the time of the claim, it wasn't known whether Mr P's tumour was malignant or not and it was described as a polyp on Mr P's specialist's report. So I don't think it was unfair for Prudential to conclude that Mr P's claim wasn't covered at that time. If, since the surgery, Mr P's been given a new diagnosis or the tumour was found to be malignant, it's open to him to make a new claim on the policy.

The comprehensive level of cover includes cover for diabetes insipidus. And it specifically excludes claims for diabetes mellitus. So even if Mr P *had* held the comprehensive level of cover, I don't think it would've been unfair for Prudential to turn down his claim.

However, Prudential accepts that it wrongly told Mr P that he could make a claim for diabetes. It seems that Mr P initially looked into making a claim for the surgery in late May 2024 and provided some medical evidence. But it wasn't until he chased things up in late July 2024 that he was given an update that his surgical claim likely wouldn't be covered. And having listened to the July 2024 calls between Mr P and Prudential, it's clear that he was told that he could raise a claim for diabetes and would potentially get a pay-out of around 15% of the sum assured.

While I don't think the call handler told Mr P that the claim would definitely be paid, I do think they gave Mr P a reasonable expectation that a claim for diabetes would be successful and that he would likely get a settlement of around £7500. As the expert in the situation, I think it should have been clear to the call handler that Mr P didn't hold comprehensive serious illness cover – and that even if he had, his claim wouldn't be covered anyway. So I find that Prudential should have effectively managed Mr P's expectations and let him know that, based on the available medical evidence, he didn't have a valid serious illness claim.

Instead, Mr P was put to some time and trouble in sending in further claims documentation and evidence. I also think he was under the impression that he would be receiving a pay-out shortly before he was due to undergo surgery which would lead to many months of recovery.

So I don't doubt how worrying, upsetting and frustrating it was for Mr P when he was told, around five weeks later, that the claim wasn't covered after all, especially taking into account Mr P's expressed concerns about the ability of his business to survive his recovery period. I find Prudential's errors here unnecessarily added to Mr P's trouble and upset at an already worrying time for him.

Having considered everything though, I'm satisfied that by offering an apology and paying Mr P £400 compensation, Prudential has already fairly settled this complaint. I say that because I don't think it would be reasonable or proportionate for me to say that Prudential should effectively pay out for a claim which isn't covered. And, having listened to calls between Prudential and Mr P, it seems he was already concerned about his business and the impact his prolonged absence due to the surgery would have on its survival. It seems likely to me then that even if Mr P had known upfront that there was no serious illness cover for his situation, he'd likely have taken steps to try and mitigate his business' potential losses during his recovery period. Therefore, I don't think I could fairly find that Prudential should pay Mr P £2500 to represent the money he said he spent trying to protect his business.

In my view, £400 compensation is a fair, reasonable and proportionate award which takes into account the distress and inconvenience I think Prudential likely caused him over a period of around five weeks. Prudential has already paid Mr P this amount of compensation, And so while I sympathise with Mr P's position, I'm not telling Prudential to do anything more.

### **My final decision**

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 7 January 2025.

Lisa Barham  
**Ombudsman**