

The complaint

Mr H is unhappy with AmTrust Speciality Limited's decision to cancel his income protection insurance policy.

What happened

Mr H took income protection insurance with AmTrust through a non-advised sales process in October 2023. In May 2024, Mr H was placed on leave by his employer and his employment terminated shortly afterwards. He claimed on his income protection policy, however, AmTrust was unable to validate his claim and discovered Mr H had misrepresented his circumstances. AmTrust allege that Mr H ought to have reasonably been aware his employer was restructuring as this information was in the public domain from July 2023 – approximately three months prior to incepting this policy.

Mr H said he was unaware of the intended restructure at the time he took the policy. He explained that he didn't become aware of this until November 2023 when he attended a Town Hall-style meeting at work. Mr H accepted the news of a restructure was in the public domain, however, this wasn't specific to his department, or role. He also noted his employer wasn't the author of this article and so said he answered the question honestly and accurately, based on the information he knew at the time. Mr H would like his policy reinstated and for AmTrust to pay his claim.

AmTrust said Mr H held a senior position for his previous employer and suggested it's likely he would have known about strategic decisions of this nature. AmTrust also referred to the news article from July 2023 and said that because it's in the public domain, it's likely Mr H would have known about the restructure. AmTrust said it asked Mr H a clear question about any intended restructures and that he answered incorrectly. It said had Mr H answered correctly, it wouldn't have offered him an income protection policy. AmTrust cancelled Mr H's policy and returned the premiums he'd paid.

Our investigator agreed with AmTrust. She said it was most likely Mr H was aware of the intended restructure and that this qualified as a careless misrepresentation. She said that under the rules, AmTrust was able to take the action it did.

Mr H disagreed with her findings and asked for an ombudsman to review his complaint. In addition to his arguments, he said the article AmTrust referred to in July didn't mention there was a chance he would lose his job. He also said it refers to the parent company name, rather than his employer's actual name which was a subsidiary of that larger company.

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 relevant rule that applies here is from Consumer Insurance Disclosure and Representations Act 2012 (CIDRA). The rules say a consumer must take reasonable care not to make a misrepresentation is and is to be determined in the light of all the relevant

circumstances. It also says I must consider whether AmTrust asked a clear question of Mr H. The question asked was;

“Do you know of any circumstances that may lead to your company ceasing to trade, or being wound up, or are you aware of any announcements made by your employer regarding restructure, reorganisations, job cuts and/or wage freezes even if you do not believe these actions will result in your becoming unemployed?”

AmTrust explained that Mr H should have answered *yes* to this question instead of *no*. The reason AmTrust said that was because information was available in the public domain which explained his employer was planning to merge its subsidiaries within the UK. Mr H has made several arguments in response to AmTrust’s argument, all of which I’ve considered, however I’m more persuaded by what AmTrust says in the circumstances and so I won’t be upholding this complaint. I’ll explain why.

I won’t be addressing every argument made by Mr H as part of my final decision. This isn’t intended to be discourteous, it’s simply that as an informal alternative to the courts, I’m allowed to do that. Instead, I’ll focus on the arguments I consider to be most relevant to the outcome of my final decision.

I think the question asked by AmTrust is clear. It wanted to better understand the risk Mr H brought to it prior to offering him cover. Insurers are allowed to ask questions to gain a better understanding of a consumer’s circumstances, so it can determine the risk of a claim in the future. So, I think the question asked is clear and appropriate given what I’ve just explained.

AmTrust provided evidence that the intended merger was in the public domain since July 2023. Mr H said the article was released by another company and one that he had no affiliation with. His argument is that he was totally unaware of this article and the planned merger. But I find those arguments unpersuasive. I say that because the evidence I’ve seen says this information was released by the employer’s parent company. The evidence says that the parent company announced on 12 July 2023, that it will integrate its banking and securities businesses in the UK. And given Mr H worked for that company, I think it more likely than not that would have been aware of the planned merger.

I understand Mr H’s argument that this wasn’t the reason he became unemployed. To be clear, I don’t need to make a finding on that point, because I’m considering whether Mr H ought to have answered AmTrust’s question differently, rather than the reason he became unemployed.

AmTrust also suggested Mr H would have likely been aware of the merger because of the seniority of his position within the company, a point Mr H denies. To be clear, I understand the connection it’s attempting to make here, however, I also acknowledge Mr H’s argument that the title of his role isn’t necessarily an accurate reflection of the position he holds and its responsibilities. And that to anyone outside of his industry may be misled into presuming he had a higher level of access to strategic and commercially sensitive information regarding the merger.

I’ve carefully considered what both sides have said about that, however, I don’t consider this to be the definitive factor in this case. I should make clear that I’ve not seen Mr H’s job description or profile, however, even if I accepted Mr H’s arguments about that at face value, I still wouldn’t find in his favour here. I say that because I consider the evidence of the press release by the employer’s parent company persuasive enough to make a finding, on the balance of probabilities, that Mr H was likely aware of the planned integration of his employers banking and securities businesses within the UK.

AmTrust suggested this was perhaps the reason that motivated him to purchase the insurance policy just before the announcement was made at his employer's Town Hall discussion in November 2023. I know this is a point refuted by Mr H, but I can see how AmTrust made this connection and I think it's a reasonable observation in the circumstances.

The Town Hall evidence provided by Mr H shows the affected employees were given information about the merger and what this meant for them. This included the opportunity to hear directly from and ask questions of a named individual. I'm therefore persuaded this was an opportunity to consolidate the information that was already available in the public domain.

Taking everything into consideration, I'm satisfied that AmTrust has shown a qualifying misrepresentation took place here. I also agree this was careless, rather than deliberate. AmTrust has provided evidence that had Mr H declared the merger, then it wouldn't have offered him a policy as this would have exceeded its appetite for risk in the circumstances. And so, CIDRA dictates AmTrust must unwind the policy and return the premiums Mr H paid. I'm aware that's already happened and so there's nothing more AmTrust need to do in respect of this complaint.

My final decision

For the reasons I've explained, I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 14 April 2025.

Scott Slade
Ombudsman