

## **The complaint**

Mrs S is unhappy that Countrywide Assured Plc wouldn't consider a terminal illness claim made on a joint life insurance policy she held with Mr P.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat them again here. I'll focus on giving the reasons for my 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.

Countrywide has an obligation to handle insurance claims fairly and promptly. And it mustn't unreasonably decline a claim.

The policy terms and conditions say:

On proof to the company's satisfaction that the life insured is suffering from a terminal illness we will bring forward the payment of the sum insured.

It goes on to explain the special provisions for terminal illness claims:

Terminal illness claims should be notified to the company within three months of the occurrence of the insured event and at least 18 months before the policy expires.

Terminal illness is defined as:

An advancing or rapidly progressing medical condition that cannot be cured and from which the life insured will not survive for more than 12 months from the date the company is notified of the condition.

The insurance schedule confirms the period of insurance as 25 September 1999 to 24 September 2023.

Based on the medical evidence I've seen, Mr P was sadly diagnosed with cancer in February 2023 (around seven months before the policy was due to end).

I know Mrs S will be very disappointed and I empathise with her situation, but I'm satisfied Countrywide has acted fairly by relying on the terms of the policy to conclude that the policy benefit isn't payable because the insured event (diagnosis of a potential terminal illness) didn't take place – and so Countrywide couldn't have been notified of this - before the last 18 months of the policy's term.

It's also worth adding for a terminal illness claim to be paid, it needs to be established (amongst other things) that Mr P had a life expectancy of less than 12 months from the date

Countrywide was notified of his condition. The medical evidence I've seen doesn't establish that, or that he was unlikely to outlive the term of the policy.

When considering this complaint, I've taken on board all of Mrs S's comments including her point that if terminal illness cover isn't in place for the last 18 months of the policy it's unfair for the same premium to be charged. She also says that Countrywide didn't notify her and Mr P that this element of cover was coming to an end.

However, in my experience the cost of the terminal illness benefit is factored into the overall cost of the policy, and it isn't something Mr P and Mrs S separately paid for. Subject to the terms of the policy, this benefit is designed to pay the policy's life benefit early in circumstances where the person insured is sadly diagnosed with a terminal illness and the medical evidence supports that they'll die before the end of the term of insurance.

It's usual for terminal illness cover to end 12 or 18 months before the policy term. However, should the insured person die before the policy end date, the life benefit is still payable (subject to the remaining terms of the policy). Mr P died after the policy ended so the life benefit wasn't payable under the policy.

I'm satisfied that the features of the terminal illness claim are set out reasonably clearly in the policy terms. I know Countrywide wrote to Mr P and Mrs S in July 2023 giving notice that the policy was due to end in September 2023, but I don't think Countrywide was under any obligation to remind Mrs S and Mr P before this that the ability to claim the terminal illness benefit was effectively ending.

#### Other issues

- I'm satisfied that Mrs S contacted Countrywide in February 2023 and said that Mr P had sadly been diagnosed as terminally ill. I'm also satisfied that she was correctly told that there was no cover for terminal illness in the final 18 months of the policy term.
- In its final response letter dated April 2024, Countrywide accepts that the concerns Mrs S raised weren't passed to the complaints team for investigation and this led to a delay in her complaint being addressed. It apologised and offered Mrs S £150 compensation. I accept that it would've been frustrating and upsetting for Mrs S not to have her concerns addressed within a reasonable timeframe and she was put to the trouble of chasing this up at an already difficult time for her. I'm satisfied £150 compensation fairly reflects the impact on Mrs S in respect of this error.

#### **My final decision**

Countrywide Assured Plc has already made an offer to pay Mrs S £150 to settle the complaint and I think this offer is fair in all the circumstances. So, my final decision is that Countrywide Assured Plc should pay £150 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 7 April 2025.

David Curtis-Johnson  
**Ombudsman**