

The complaint

Miss H complained that she was mis-sold her life and critical illness policy by Lifesearch Partners Limited, because it didn't have the cover she made clear she wanted.

What happened

Miss H and her partner had had joint life and critical illness cover. But that policy ended when Miss H's partner made a critical illness claim. So Miss H approached Lifesearch to buy an alternative policy in her sole name.

Miss H has a family history of breast cancer. Her previous joint policy had provided cover for this. So she was very concerned to ensure that the new policy did the same. She detailed her family history to the adviser, who noted it on the application. At the end of the call, the adviser confirmed the application had been accepted. But he didn't advise Miss H that the insurer had excluded cover for breast and ovarian cancer.

In 2022, Miss H was sadly diagnosed with breast cancer. She tried to claim on the policy. It was at this point she found out about the exclusion. Miss H didn't pursue the matter any further at that time. But, following a sales call from Lifesearch in 2024, she complained she'd been mis-sold the policy.

Lifesearch accepted they'd not made Miss H aware of the exclusion. They said the adviser should have done this at the point of sale. They offered Miss H £500 compensation for what had happened. But they explained they'd checked with four other insurers, all of whom confirmed they wouldn't have offered cover for breast cancer at the time. So they concluded that, even if the adviser had told Miss H about the exclusion, she wouldn't have been able to buy a policy without one.

Miss H didn't accept Lifesearch's offer and brought her complaint to the Financial Ombudsman Service. Our investigator reviewed the available information and concluded the offer was fair and in line with our published guidance. She acknowledged that their adviser's mistake had caused Miss H significant distress. But she couldn't say they should do more because the evidence provided showed Miss H wouldn't have been able to get cover without the exclusion with an alternative provider.

Miss H didn't agree with our investigator's view and provided a quote which she said shows she could have got cover without the exclusion, for an increased premium – which she said she'd have been able and willing to pay. The investigator reviewed the quote and shared it with Lifesearch, who spoke to the insurer.

The insurer confirmed that is now their approach – but that, in 2020, when Miss H bought her policy, they would also have excluded cover for breast cancer. So this additional information didn't change our investigator's view.

As Miss H didn't agree with that view, the matter's been passed to me to make 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 that, I don't think Lifesearch need to do any more than they've already offered to resolve Miss H's complaint. I know she'll find that conclusion upsetting and I'm sorry about that. I hope it will help if I explain the reasons for my decision.

There's no dispute here that Lifesearch made a mistake. The issue centres on whether £500 is sufficient to compensate Miss H for that mistake. Miss H indicated to us she thought Lifesearch should pay the claim, because she didn't have the cover she thought she had.

As our investigator explained, our approach to redress is to direct the business (as far as possible) to put the customer back in the position they would have been if nothing had gone wrong. So I've thought about what that looks like.

If Lifesearch's adviser had dealt with the sale as they should have done, they would have made Miss H aware of the fact the insurer would exclude cover for breast cancer. I've no doubt, had that happened, Miss H would have asked the adviser to look at alternative providers.

But Lifesearch has evidenced that, at the time she bought her new policy, four of the largest providers of life and critical illness cover, and the insurer approached by Miss H, would have applied the same exclusion Miss H's insurer did – even though at least one of those insurers has since changed their criteria. So I think it's extremely unlikely she would have got the cover she wanted in 2020. That means she would have ended up in the same position she is – with a critical illness policy that excluded cover for breast cancer.

I recognise Miss H's previous policy did provide cover and that policies available today may provide it. But I can only look at what was available at the time of sale. So I can only look at awarding Miss H compensation for not telling her about the exclusion – not for the fact she didn't have the cover she wanted.

I agree with our investigator that the £500 offered to Miss H is a reasonable amount for that failure and Lifesearch should now pay that sum. But I don't think they need to do more than that to resolve Miss H's complaint.

My final decision

For the reasons I've explained, I'm directing Lifesearch Partners Limited to pay Miss H the £500 compensation previously offered to her to recognise the distress they caused by not bringing the policy exclusion to her attention.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 30 May 2025.

Helen Stacey
Ombudsman