

The complaint

Mr S has complained that Zurich Assurance Ltd, trading as Zurich, unfairly declined his critical illness claim.

What happened

Mr S bought a £10,000 critical illness policy from Zurich towards the end of 2018. As part of the application process, he answered a series of health and lifestyle questions. Zurich accepted the application and cover started.

In autumn 2024, Mr S sadly suffered a stroke. So he made a claim on the policy.

Zurich declined the claim. They said Mr S hadn't provided accurate information about his alcohol use and his family history when he applied for the policy. And, if he had done, they wouldn't have sold him the policy. So they cancelled it and refunded the premiums to Mr S.

Mr S complained about Zurich's decision and about the time they'd taken to reach it. Zurich didn't change their outcome. But they acknowledged they could have assessed the evidence they collected more quickly and had provided some inconsistent information about what was needed to progress the claim. Zurich paid Mr S £150 compensation for those failings.

Mr S wasn't satisfied that resolved his complaint about Zurich's decision on the claim and brought it to the Financial Ombudsman Service. Our investigator reviewed all the information provided by both parties and concluded Zurich didn't need to do any more to resolve the complaint. She was satisfied Mr S didn't answer questions about his alcohol consumption accurately and Zurich had provided evidence that, if he had done, they wouldn't have offered him the policy. So it was fair for them to have declined the claim and cancelled it.

Mr S didn't agree with the investigator's view. So the matter's been passed to me to make a 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'm not upholding Mr S's complaint. I know that will be upsetting news and I'm sorry about that. I hope it will help if I explain the reasons for my decision.

When an insurer thinks a customer made a misrepresentation, we expect them to address that in line with the relevant law. In this case, that is The Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). CIDRA requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract (a policy). The standard of care is that of a reasonable consumer.

And if a consumer fails to do this, the insurer has certain remedies - provided the misrepresentation is what CIDRA describes as a “qualifying misrepresentation”. For it to be a qualifying misrepresentation, the insurer has to show it would have offered the policy on different terms - or not at all - if the consumer hadn’t made the misrepresentation.

CIDRA sets out a number of considerations for deciding whether the consumer failed to take reasonable care. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless, or careless.

In this case, Zurich say Mr S made a misrepresentation because he answered “no” to several questions when, in their view, he should have answered “yes”. But I’ve focused on the question which Zurich say, had it been answered correctly, means they wouldn’t have offered Mr S cover.

That says:

“Have you ever been advised or treated for alcohol consumption or abuse, or attended an alcohol support group, or been told that you have any liver damage?”

Mr S has told us he gave up drinking alcohol a year before he bought the policy. I’ve no reason to doubt what he says. But I think it’s clear the question isn’t just asking about his alcohol consumption at the time he bought the policy. It’s to find out about his historic relationship with alcohol.

I’ve read the medical notes Zurich received as part of their assessment of the claim. These include a record of *“hazardous alcohol use”* in 2012, alcoholic intoxication in 2014 and an incident in 2015 when Mr S was hospitalised following a seizure and treated for alcohol withdrawal.

I think it’s clear from these records that Mr S did receive treatment relating to his alcohol consumption. So I think it’s fair that Zurich concluded he made a misrepresentation by answering “no” to the question above.

And I’m satisfied that Mr S made a qualifying misrepresentation as defined by CIDRA, because Zurich have provided evidence to show that, if they’d known about Mr S’s alcohol history, they wouldn’t have offered him the policy.

I’ve thought about Zurich’s categorisation of Mr S’s misrepresentation. They’ve said it was deliberate or reckless. I can see Zurich followed the ABI’s code of practice and gave Mr S the chance to explain why he answered the question as he did. Mr S replied, reiterating that he’d stopped drinking in 2017 and hadn’t been treated for alcohol abuse. And in relation to his hospitalisation, he said this had happened during a very difficult period in his life and didn’t reflect a pattern of alcohol dependency.

While I appreciate what Mr S has said, his email persuades me that he thought about the answers he gave when completing the application and chose to answer the question as he did. In the circumstances, I think it was fair for Zurich to categorise the misrepresentation as they did.

Where a misrepresentation is deliberate or reckless, CIDRA allows the insurer to cancel the policy and keep the premiums the customer has paid. Nevertheless, Zurich decided to refund Mr S what he had paid – which I think is more than fair.

Finally, I note from Mr S’s testimony that he applied for the policy through what he describes as an “agent”, who failed to submit accurate replies to some of the questions he was asked. That doesn’t make any difference to my decision on this complaint, because Zurich were

entitled to rely on the information they received – whether it came directly from Mr S or via a third party.

If Mr S wants to pursue that issue further, he'll need to make a separate complaint to the agent. But, for the reasons I've set out above, I don't think Zurich need to do any more to resolve the complaint he's made about them.

My final decision

For the reasons I've explained, I'm not upholding Mr S's complaint about Zurich Assurance Limited, trading as Zurich.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mr S to accept or reject my decision before 8 July 2025.

Helen Stacey
Ombudsman