

The complaint

Mr K complains that Scottish Widows Limited hasn't paid him terminal illness benefit under two term assurance policies.

What happened

The background to this complaint is well-known to both parties. So I've simply set out a summary of what I think are the key events.

Mr K held a term assurance policy. He remortgaged in 2013 and took out a second term assurance policy. Both policies were underwritten by Scottish Widows, provided life insurance cover and included terminal illness benefit. One policy was due to end in February 2019 and the second policy was due to end in February 2029.

Unfortunately, in 2015, Mr K suffered serious health issues and he contacted Scottish Widows to look into whether he could make a claim on the policies. But he didn't have the particular benefits on either plan which might have provided cover for his situation. Scottish Widows explained the cover he did have – including terminal illness cover.

In February 2019, Mr K's original life assurance policy ended and the second plan was lapsed in May 2019 due to non-payment of premiums.

In May 2024, Mr K got back in touch with Scottish Widows. Ultimately, he considered that due to his health issues, he met the policy definition of a terminal illness and that he had done so for many years. Therefore, he believed that he should be paid terminal illness benefit.

Scottish Widows told Mr K that as the policies had both ended in 2019, he didn't have any cover in place. And it said that even if it retrospectively considered a claim, it didn't think Mr K would've met the policy definition of terminal illness. So it didn't agree to pay Mr K any money.

Mr K was very unhappy with Scottish Widows' position and he asked us to look into a complaint. He made two main points. First, he was unhappy that he'd tried to claim in 2015 and hadn't been able to do so. And second, he felt that Scottish Widows had acted unfairly in 2024.

Our investigator initially concluded that Mr K had complained too late about both issues under our rules and so she said we didn't have the power to look into Mr K's complaint.

However, an ombudsman issued a decision in April 2025. He concluded that Mr K had brought the complaint about Scottish Widows' actions in 2015 too late under our rules. So he found that we couldn't consider that complaint point. But he concluded that we could consider whether Scottish Widows had acted fairly in 2024 when it declined to pay Mr K terminal illness benefit.

Our investigator didn't think Scottish Widows had treated Mr K unfairly. As cover under both

policies had ended in 2019, she didn't think Scottish Widows needed to consider a claim. And she didn't think it had been unfair for Scottish Widows not to backdate a terminal illness claim to before the cover had ended.

Mr K maintained that we should consider his complaint about what had happened in 2015.

The complaint's been passed to me to decide. I must make it clear that this decision will only consider whether I think Scottish Widows acted fairly and reasonably in 2024. It will not consider any of Mr K's complaint points that relate to things that happened in 2015.

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 sorry to disappoint Mr K, I don't think Scottish Widows has treated him unfairly and I'll explain why. In reaching my decision, I've taken into account relevant considerations, such as regulatory rules and principles, the policy terms and the available evidence.

As I've explained above, this decision will not consider any of Mr K's complaint which relates to events that took place in 2015. That's because an ombudsman has already decided that we don't have the jurisdiction to look into those issues as they were made too late under our rules.

I was very sorry to hear about Mr K's serious ill health. It's clear he's been through a very difficult time. It's because of Mr K's serious ill-health that he believes Scottish Widows should pay him terminal illness benefit.

Having looked at the policy documentation though, it's clear that cover ended under one plan in February 2019 as planned and that Mr K's 2013 policy was lapsed in May 2019 due to non-payment of premiums. I've seen a copy of a note Scottish Widows made following contact it had with Mr K in February 2019. This said Mr K was told that the policy would lapse after four months and that he was happy to get letters before letting the contract lapse. I've also seen the cancellation letter which Scottish Widows sent to Mr K in May 2019. This said:

'As your premiums are now four months overdue, we've assumed you no longer want this cover. We have now cancelled the policy which means this cover is no longer in place.'

This means I don't think it was unfair for Scottish Widows to conclude that Mr K no longer held cover with it in May 2024. And therefore, I don't think it acted unreasonably when it said it couldn't consider a terminal illness claim.

I appreciate Mr K says he's been very unwell for a number of years and so it seems he believes Scottish Widows should retrospectively consider a terminal illness claim. In order for it to do so though, it would need to be satisfied that Mr K would more likely than not have met the policy definition of a terminal illness prior to the policies ending. This definition says:

'Terminal illness means a definite diagnosis by the attending Consultant of an illness that satisfies both of the following:

- a- The illness either has no known cure or has progressed to the point where it cannot be cured; and*

b- In the opinion of the attending Consultant, the illness is expected to lead to death within the earlier of 12 months and the remaining term of the cover.'

This means that in order for a claim to be payable, Mr K needed to provide Scottish Widows with evidence from his consultant which showed that he had an incurable illness and that the illness would be expected to lead to his death either within the earlier of 12 months or the remainder of the policy term. In my experience, most, if not all term assurance policies include very similar definitions of terminal illness.

Mr K sent Scottish Widows definitions of terminal illnesses from a well-known charity. But Scottish Widows didn't think this was enough evidence to show a terminal illness claim would've been payable before the policies ended in 2019. Having thought about things, I don't think this was an unfair conclusion for Scottish Widows to draw. That's because I think the policy terms clearly require supporting evidence from a policyholder's Consultant demonstrating that the policyholder meets the terminal illness definition. But it doesn't appear that Mr K sent Scottish Widows evidence from his attending Consultant which showed he would've met the relevant policy definition in 2019. So I don't think I could fairly or reasonably tell it to consider a retrospective claim.

Overall, despite my natural sympathy with Mr K's position, I don't think Scottish Widows has treated him unfairly or unreasonably. So I'm not telling it 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 K to accept or reject my decision before 26 September 2025.

Lisa Barham
Ombudsman