DRN-5638003

The complaint

Ms B and the estate of Mr B complain about how Stonebridge International Insurance Ltd ('Stonebridge') dealt with a claim under an accidental death insurance policy.

What happened

Ms B and Mr B were insured under an accidental death insurance policy, provided by Stonebridge.

Mr B very sadly passed away in 2022. Mr B's death certificate listed four medical conditions as the causes of death. A Coroner subsequently concluded that Mr B's death was accidental, and the death certificate was amended to reflect this finding.

Ms B had made a claim with Stonebridge prior to the Coroner's inquest. Stonebridge later paid 25% of the claim, as it said it had taken Mr B's medical conditions into account as contributory factors.

Unhappy, Ms B complained to Stonebridge before bringing the matter to the attention of our service.

During the course of our investigation, further complaint points came to light about changes made to the policy terms in 2014. Stonebridge also provided a report from a medical professional, who I'll call 'Dr B', which was obtained after the complaint had already been referred to us.

One of our investigators looked into what had happened and issued a number of opinions, which included a recommendation for Stonebridge to obtain a new independent medical report to determine what percentage contribution Mr B's medical conditions had to his death. Ms B didn't agree with our investigator's opinions and Stonebridge disagreed with some of his findings. As no resolution was reached, the complaint was referred to me to make a decision, as the final stage in our process.

Stonebridge then told us that, following our investigator's opinions, it obtained a further medical report dated 2 March 2025 from a medical professional, who I'll call 'Dr L'.

I made my provisional decision about this complaint in May 2025. All the information which I relied on in reaching my provisional decision was shared with both parties to the complaint, in line with the procedural rules which govern the operation of the Financial Ombudsman Service. My provisional decision said:

'I'm very sorry to hear about the sad circumstances surrounding this complaint and I'd like to offer Ms B my sincere condolences for her loss. I have no doubt that Ms B has been through a very difficult time, and that she is anxious to have this matter resolved once and for all.

My role and remit

It's very clear to me that Ms B has spent significant time and effort researching and

preparing detailed submissions about this complaint with great attention to detail. I want to assure Ms B that I've read and carefully thought about all the evidence which both she and Stonebridge have provided. But, reflecting the informal nature of our service as an alternative to the courts, I won't be addressing every complaint point raised and I'm not obliged to do so. Instead, I'll be focusing only on what I consider to be the key issues.

When making this provisional decision I've taken into account relevant considerations such as the law, industry rules and what I consider to be good industry practice. I've had regard to the legal principles and caselaw which Ms B has quoted but I'm not bound to strictly apply these. Nor am I bound by previous decisions made by our service or by information about our general approach set out on our website. Claims decisions made by a different insurer under different policy terms and conditions and/or previous fines or penalties imposed on Stonebridge by the regulator aren't relevant to my consideration of this complaint. My role, as set out under the rules that govern us, is to make a decision based on what I think is fair and reasonable to both parties in the circumstances of this individual case.

Finally, I should say that I'm not a medical expert, and it's not for me to reach my own medical opinions or to substitute the opinions of qualified medical professionals with my own. Instead, my role is to weigh up the available medical evidence to decide whether I think Stonebridge acted fairly and reasonably in the circumstances when making its decision about this claim.

Changes made to the policy terms in 2014

The terms and conditions of Mr and Ms B's policy were changed by Stonebridge in 2014, when Stonebridge wrote to Mr B with a 'Summary of Key Changes'.

Industry rules in force at the time required firms to ensure that customers were given information about a policy that was clear, fair and not misleading so they could make an informed decision about the arrangements proposed. This included information about the main exclusions and limitations of a policy.

Stonebridge, I think, made a significant change to the definition of 'pre-existing condition' in the 2014 policy. The previous version of the policy (referenced AD1UK06 6/2001-V3) defined a pre-existing condition as something which happened in the two years before the policy start date. The 2014 version of the policy changed this definition to something which happened in the two years prior to the accident. I don't agree with Stonebridge's position that this had the effect of increasing the level of cover. Instead, I think the effect of this change was to exclude medical conditions which the policyholder developed while the cover was in force, thereby limiting the cover provided. I think this change should have been clearly highlighted to Mr B on the 'Summary of Key Changes' but it wasn't.

The remedy for Stonebridge's failing in this regard isn't to revert to the cover provided under the 2001 policy terms. Instead, I need to consider what I think is more likely than not to have happened if the change had been highlighted to Mr B. I appreciate Ms B says Mr B had developed two pre-existing medical conditions by 2014 and, if Mr B had been made aware of the change in definition, he would have increased the accidental death cover he held with another insurer which has since paid out in full.
I have no way of knowing for certain what Mr B would have done if Stonebridge had highlighted the information as I think it should have. I need to decide this on the balance of probabilities and without the benefit of hindsight.

I've taken into account all the circumstances surrounding this complaint (including, but not limited to, the increase in benefit under this policy from £37,500 in 2001 to £195,000 in 2014, as well as the policy benefit under Mr B's alternative policy). Overall, I can't fairly conclude

that the change in definition would have been so important to Mr B as to make it more likely than not that he would have cancelled this policy and taken out another one instead. I appreciate Ms B will be disappointed with this finding, but Ms B wasn't aware at the time that these policies were in place, and I don't think it would be reasonable for me to reach an alternative conclusion in this regard.

In any event, even if I were to agree that Mr B might have acted as Ms B says he would have, it doesn't necessarily follow that this would lead to a recommendation for Stonebridge to pay the full value of this claim.

Stonebridge's position on the claim

Industry rules set out by the regulator say insurers must handle claims fairly and shouldn't unreasonably reject a claim. I've taken these rules, as well as what I consider to be good industry practice, into account when making this provisional decision.

The 2014 terms and conditions of the policy (reference 'UK AD 052014V1) are the ones which are relevant to this claim. These provide for the payment of a benefit in certain circumstances in the event of an accidental death. The policy sets out the following definitions:

> *'accidental death means the death of an insured adult or insured child as a direct result of a bodily injury caused by an accident.'*
>
> *'bodily injury means physical injury to an insured adult or insured child directly caused by an accident.'*

So, this means an accident must have directly caused the death in order for a benefit to be paid.

The policy goes on to say:

> *'pre-existing condition means any disease, illness, sickness, naturally occurring condition, degenerative process, medical or mental condition, injury or physical impairment, for which the insured adult … at any time in the 2 years before the date of the accident has either:*
>
> *(a) received medical treatment or advice; or*
> *(b) has experienced symptoms (whether diagnosed or not)'.*

and

> *'We will only pay the benefit if an insured adult or insured child suffers an accidental death. Where a pre-existing condition is a contributing factor to the claim, it will be taken into consideration in calculating the amount payable.*
>
> *A medical assessment will be converted into a percentage and applied to the policy benefit payable. If the calculated percentage is less than 25%, we will pay the full benefit.*
>
> *We will obtain the medical assessment from your doctor. If they are unable or unwilling to provide this assessment we will obtain an assessment from an independent doctor.'*

I'm satisfied that both the wording and intention of the policy coverage are clear from the

terms and conditions. I don't agree with Ms B's submissions that the wording is ambiguous.

It's for the policyholder to demonstrate they have a valid claim under a policy. So, Ms B must show that Mr B's death arose as a direct result of an accident. And, if Stonebridge is seeking to reduce the benefit payable, it needs to demonstrate that pre-existing medical conditions (as defined in the policy terms) contributed to Mr B's death by more than 25%.

Ms B has made extensive arguments surrounding indirect and direct causes of death, but I don't think this is relevant to the outcome of this complaint. If a medical condition meets the policy definition of 'pre-existing condition' then Stonebridge is entitled to treat that condition as a contributing factor to the claim and reduce the claim payment accordingly, so long as it has medical evidence to support its position.

I'm satisfied, based on the medical evidence I've seen, that it's more likely than not that Mr B's death directly resulted from an accident. Stonebridge has said at various points that the policy definition of accidental death hasn't been met (despite paying 25% of the benefit). I don't agree with this. Mr B's amended death certificate very clearly says 'Conclusion Accident' and the Coroner's comments were that Mr B wouldn't have died were it not for the accident.

However, Mr B's amended death certificate also lists medical conditions as both immediate, direct and underlying, indirect causes of death, and the Coroner specifically stated that Mr B's cause of death remained the same. Mr B's medical cause of death, and the criteria which the Coroner works to, are different to the requirements for Stonebridge to pay a claim under this policy, and I don't agree with how Ms B has interpreted some of the Coroner's findings.

Regardless of the order in which the medical conditions are listed on Mr B's amended death certificate, Stonebridge is entitled to take these (and other) conditions into account to determine whether they are 'pre-existing conditions' which mean the percentage of the claim payable should be reduced in line with the terms and conditions of the policy.

I note that a medical professional who I'll call 'Dr Q' has said there was weight to the argument that Mr B's death wasn't a natural progression of one of his medical conditions. And a medical professional who I'll call 'Dr S' has said it wasn't possible to determine a percentage of how Mr B's medical conditions contributed to his death, and it was possible that a person without these medical conditions could have experienced a similar sequence of events. However, I don't think it's fair or reasonable to expect Stonebridge to accept these medical opinions without question. Stonebridge is reasonably entitled to seek its own medical advice to determine what percentage of the claim benefit is payable under its contract with Mr and Ms B.

I'd expect Stonebridge to have obtained persuasive medical evidence about the contribution of Mr B's pre-existing conditions to his death before it made the decision to pay only 25% of the claim. Stonebridge didn't do this, and I find the manner in which it subsequently obtained additional medical evidence, after Ms B had already brought a complaint to our service, surprising.

Dr B, who provided a report dated 22 August 2024, isn't licensed to practise by the General Medical Council and therefore doesn't meet the definition of a 'doctor' as set out in the applicable policy terms. Dr B's report mainly consists of commentary on the statements from Dr Q and Dr S and reaches a conclusion of Mr B's accident as having had a 1% contribution to his death at most, without setting out any medical evidence or reasoning as to why this is the case. Furthermore, the report appears to completely disregard Mr B's amended death certificate. Overall, I'm not satisfied that Dr B's report carries any persuasive weight.

I understand Ms B objects to our service considering the report dated 2 March 2025 from Dr L. I've taken into account Ms B's comments in this regard, particularly around the timing of the provision of the report by Stonebridge (I should say that the report was forwarded to Ms B as soon as our service received it). However, I'm satisfied that it's both appropriate and fair in the circumstances for me to take Dr L's report into account when making my provisional decision.

I note the report from Dr L specifically states that it excluded the post-mortem report as well as verbal and written evidence from the Coroner. While Dr L's report sets out some medical reasoning for his conclusions that Mr B's accident had a 25-30% contribution towards his death, I see no reason why some of the medical evidence (including Mr B's amended death certificate) has been excluded from consideration. I also note that Dr L's report refers to a definition which isn't contained within the applicable policy terms and conditions. Overall, I don't think Dr L's report carries significant persuasive weight so as to make it reasonable for Stonebridge to now rely upon it as retrospective evidence in support of its position.

In summary therefore, I don't think Stonebridge had any medical evidence upon which to base its decision to pay only 25% of the claim and I don't think the medical evidence which it has subsequently provided is persuasive either. But this doesn't mean it would be fair and reasonable to direct Stonebridge to now pay the full policy benefit without any deductions. Based on Mr B's amended death certificate and the comments of the Coroner, I think it seems more likely than not that there were pre-existing conditions (as defined by the policy) which may have contributed to Mr B's death. While Ms B is correct in saying that Stonebridge has already had the opportunity to obtain a medical report in support of its position, I must reach an independent and impartial outcome which is fair to both parties, and I can't punish Stonebridge for how it has dealt with the matter up to now. I appreciate the depth of Ms B's dissatisfaction, but it wouldn't be fair or reasonable in the circumstances to direct Stonebridge to pay the full claim based on the medical evidence which is available.

The policy terms and conditions say that Stonebridge will obtain a medical assessment from the policyholder's doctor in the first instance. In this case, Stonebridge asked Dr Q for additional information, which wasn't forthcoming. Stonebridge hasn't explained why it contacted Dr Q, rather than any of the other medical professionals involved in Mr B's care. Based on information which Ms B provided to Stonebridge, I'd expect Stonebridge to have contacted a different medical professional whose name Ms B had given them. However, I don't think directing Stonebridge to request a medical assessment from Mr B's doctor would add any persuasive value at this point.

I'm currently satisfied that the fair and reasonable outcome for both parties based on the individual circumstances of this case is for an independent medical expert ('IME') to be jointly appointed by Ms B and Stonebridge, to review all the available medical evidence and determine the percentage contribution that pre-existing conditions played in Mr B's death for the purposes of calculating the benefit payable under the policy.

For the avoidance of doubt, by using the word 'independent', I mean someone who isn't employed by Stonebridge and the expert doesn't need to be practising, as long as they are licensed to do so. It's irrelevant whether the expert has worked for a different insurance company in the past. It's not for Ms B or Stonebridge to determine that certain pieces of medical evidence should be excluded from the IME review – all the available medical evidence should be considered.

Any of Mr B's pre-existing medical conditions which meet the policy definition of pre-existing condition can be taken into account, not just those listed on the amended death certificate, and there's no requirement for the IME report to differentiate between the medical conditions in the order they're listed on the amended death certificate. In addition, I don't think it's

necessary for the IME report to attribute a percentage contributing factor to each individual pre-existing condition. Instead, it's sufficient for the report to attribute a percentage contributing factor to Mr B's pre-existing conditions (as defined within the policy) overall. If any further dispute arises surrounding the IME which I haven't addressed then this would need to be the subject of a new complaint, first to Stonebridge and then to our service if the matter remains unresolved, about that issue only.

I appreciate Stonebridge has already paid for reports from Dr B and Dr L but given my findings about the persuasiveness of these reports and the timeline of events in this case, I'm satisfied it would be fair and reasonable in the circumstances for Stonebridge to pay for any costs associated with the new IME report.

Stonebridge, by paying 25% of this claim, has concluded that Mr B's accident made a 25% contribution to his death. Therefore, Stonebridge is saying that Mr B's pre-existing conditions had a 75% contribution. If the new IME report shows that Mr B's pre-existing conditions had a less than 75% contribution to his death then Stonebridge should pay the difference in the percentage claim amount, together with interest.

On the other hand, if the new IME report concludes that Mr B's pre-existing conditions had a greater than 75% contribution to his death (meaning that the accident made a contribution of less than 25%) then Stonebridge is entitled to reclaim the difference from Ms B, if that is what it wishes to do.

Stonebridge's handling of the claim

Ms B is an eligible complainant in her own right, as an insured person under this policy, as well as in her capacity as the estate of Mr B. This means I have the power to award compensation to Ms B for the impact of what I think were Stonebridge's failings on her.

I don't think Stonebridge handled this claim as it should have. It never gave Ms B clear reasons as to why only 25% of the claim was being paid and has repeatedly provided contradictory information as to whether it considers the claim meets the policy definition in the first place.

I'm not satisfied that Stonebridge gave appropriate consideration to the available medical evidence, and I'm not satisfied that it had any medical evidence to support its position to pay 25% of the claim. Stonebridge subsequently purported to rely on medical evidence from Dr B and Dr L which I think had very obvious shortcomings and which didn't support Stonebridge's position either.

Having said all of that, having reviewed the timeline of Stonebridge's handling of this claim (including when information about the Coroner's inquest and the amended death certificate were sent to it), I can't fairly conclude that there were unreasonable delays on the part of Stonebridge. And, while I understand Stonebridge never provided Ms B with a detailed response to her complaint, it did provide her with referral rights to our service as the regulator requires it to.

I have no power to punish or fine a business through an award of compensation, but I can make an award in line with our published guidance which takes account of the impact of Stonebridge's failings on Ms B. It's clear Ms B has experienced frustration, disappointment and inconvenience as a result of how Stonebridge handled her claim, and she has spent a great deal of time and effort attempting to sort things out.

Overall, I currently think it would be fair and reasonable in the circumstances for Stonebridge to pay Ms B £500 compensation to reflect the considerable distress and significant

inconvenience she has experienced as a result of how Stonebridge handled the matter.'

Stonebridge responded to my provisional decision. It said it was prepared to accept my recommendation of £500 compensation and would reflect on the process this claim had gone through. However, it disagreed with my provisional findings that that it didn't have any medical evidence to support a claim payment of 25% of the benefit. It provided additional medical evidence from Dr L (namely, a report dated 1 June 2025 - a copy of which is attached to this final decision for Ms B to see).

Ms B didn't accept my provisional decision and provided a detailed response explaining why, enclosing extracts from legal advice, additional medical records relating to Mr B's health and documents relating to financial planning.

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.

I'll address Stonebridge's comments first.

Dr B and Dr L's reports are dated after Stonebridge's decision to pay 25% of the claim. Dr B doesn't meet Stonebridge's own policy definition of a doctor. The medical records which I've seen from Mr B's time in hospital don't attribute any percentages to Mr B's cause of death and nor would I expect them to. So, my decision remains that Stonebridge had no medical evidence to support its claims decision in this case and to conclude otherwise would, I think, be irrational and illogical.

Stonebridge says it's not true that it didn't accept Mr B sustained an accident. However, Stonebridge very clearly told Ms B on a number of occasions that it didn't think Mr B's death was accidental. If Stonebridge is now maintaining that it never disputed this, then I fail to see the relevance of its comments about the medical causes of death on Mr B's amended death certificate.

As Stonebridge ought to be aware, it cannot continually 'add-on' new evidence to an existing complaint with our service. The appropriate time for Stonebridge to obtain medical evidence in support of its position was before making the claim payment to Ms B. Instead, it has sought to obtain medical evidence on a piecemeal basis after the complaint was already with our service in an attempt to retrospectively support its position. This isn't fair or reasonable and isn't in line with good industry practice or with relevant industry rules.

While I appreciate Dr L has now clarified certain matters in relation to his original report, having taken into account all the events in this case and the totality of the evidence, I don't think it's fair or reasonable in the circumstances to allow Stonebridge to rely on Dr L's reports in support of its position to pay Ms B 25% of the claim benefit. I can understand why Ms B would lack confidence in the persuasiveness of Dr L's evidence because of the manner in which it has been provided by Stonebridge, and I'd also note that a claim payment of 25% is at the lower end of the scale which Dr L mentioned anyway.

Stonebridge's comments about bringing finality to this case aren't a determinative factor when making my recommendations. My role is to decide what I think is fair and reasonable in the circumstances and if Stonebridge had handled this claim as I'd have expected it to, then Ms B may not have needed to bring this complaint to our service in the first place.

Turning to Ms B's response to my provisional decision, I've already explained that I've taken the law into account, but I'm not obliged to strictly apply it – and this includes the legal

remedies which Ms B has mentioned. Such remedies may be more appropriately sought through the courts. I'm satisfied that my provisional decision sets out a comprehensive explanation as to why the findings contained within it are fair and reasonable in the circumstances of this case.

I appreciate Ms B is dissatisfied with my findings, but she has brought her complaint to our service for an independent and impartial decision in line with the rules that govern our remit. I've carefully thought about everything Ms B has said and sent to us but I'm afraid I quite simply don't agree with many of her submissions in response to my provisional decision, some of which I consider to be repetition and which I'm satisfied I've already addressed. However, there are some additional points which Ms B has raised which I think it would be helpful to specifically mention.

While I accept the change made to the policy terms relating to pre-existing conditions in 2014 was significant, I don't agree that it reduced the benefit which Mr B could obtain from the policy to virtually nothing. If an insurer has failed to highlight a significant limitation to policy coverage, then we'd generally consider it's fair and reasonable in the circumstances to think about what the policyholder is likely to have done differently if the limitation had been highlighted. It wouldn't generally be fair or reasonable to the insurer to simply consider the particular policy term which wasn't highlighted as invalid. My provisional decision is clear that the alternative policy referred to is the other policy held by Mr B which subsequently paid out a benefit after his sad passing.

I've taken into account the additional medical records and financial planning information which Ms B has sent to us. I accept Mr B's medical conditions and financial security for Ms B were both very important considerations for him. However, this doesn't change my conclusions about whether I think Mr B is likely to have acted differently if the change in policy terms was highlighted to him in 2014 or at any point thereafter, taking into account the cost of and benefits provided by this policy.

So, overall, my decision remains that the appointment of an IME in the terms outlined in my provisional decision is fair and reasonable in the circumstances. There are a number of reasons why it's not generally reasonable or practical to allow a consumer to have sole choice of an IME without limitations. I consider that the appointment of an IME in the terms I've outlined is, in effect, a joint appointment as Ms B has her choice out of three IMEs to be put forward by Stonebridge.

My comments about the IMEs not being required to be practising as long as they are licenced to do so reflects the reality of obtaining such services in terms of availability and, in any event, I think the phrase 'providing services within the scope of their licence' is open to interpretation. Even if I were to accept that such a recommendation departs from a strict application of the policy terms and conditions, I don't think this is unfair or unreasonable in the circumstances and I don't think it impacts on the persuasiveness of any such reports when the appointment is ultimately one of Ms B's choosing out of three different options. I think a requirement for Stonebridge to obtain the names of three IMEs who are actively practising would be overly restrictive.

Ms B has raised questions about the experience of the IME. I'd expect both parties to take a reasonable approach to this, but I've already explained that any further dispute about the IME that wasn't mentioned in my provisional decision would need to be the subject of a new complaint.

In the event that any new IME report concludes that Mr B's pre-existing conditions had a greater than 75% contribution to his death, then it's up to Stonebridge whether it wishes to reclaim the difference from Ms B.

While I appreciate neither party has accepted my provisional decision, I'm satisfied that it represents a fair and reasonable resolution to the complaint, and I won't be changing my findings.

Putting things right

Stonebridge International Insurance Ltd needs to put things right by doing the following:

- Within 28 days of the date on which the Financial Ombudsman Service tells Stonebridge that Ms B accepts this final decision, Stonebridge should identify three suitably experienced and available IMEs to prepare a report;
- The names of the IMEs and a draft letter of joint instruction listing the medical evidence and policy terms and conditions on which the report is to be based should be sent to Ms B for her agreement;
- Within 7 days of Ms B confirming which IME she wishes to use, Stonebridge should provide the IME with the letter of instruction, agreed evidence and the relevant policy terms and conditions;
- Any costs associated with the IME should be borne by Stonebridge;
- Within 21 days of receiving the IME's report, Stonebridge should pay any shortfall in the claim settlement amount, together with interest at 8% simple per annum from the date the 25% claim benefit was paid until the date of settlement;
- Pay Ms B compensation of £500 for the distress and inconvenience she experienced.

Stonebridge International Insurance Ltd must pay the compensation within 28 days of the date on which we tell it Ms B and the estate of Mr B accept my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

My final decision

I'm upholding Ms B and the estate of Mr B's complaint about Stonebridge International Insurance Ltd in part and I direct it to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B and the estate of Mr B to accept or reject my decision before 22 July 2025.

Leah Nagle
Ombudsman