

The complaint

Mr L and Mrs L (Mr and Mrs L) complain about Liverpool Victoria Financial Services Limited declining a claim on their critical illness policy.

What happened

Mr and Mrs L took out a life and critical illness policy through a broker with LV in April 2018. Following a diagnosis of cancer, Mr and Mrs L raised a claim in 2024. LV investigated the claim but ultimately declined it and avoided the policy. LV said this was due to a misrepresentation. Mr and Mrs L were unhappy and raised a complaint. LV didn't uphold the complaint as they didn't think they'd done anything wrong. Mr and Mrs L were still unhappy and brought the complaint to this service.

Our investigator didn't uphold the complaint. They agreed that LV hadn't done anything wrong. Mr and Mrs L appealed. They felt LV should be responsible for the action of the independent financial advisor (IFA) that sold them the policy. They also felt they'd acted in good faith and thought the question was ambiguous. As no agreement could be reached, the complaint has 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.

When considering complaints such as this, I need to consider the relevant law, rules and industry guidelines. The relevant rules, set up by the Financial Conduct Authority, say that an insurer must deal with a claim promptly and fairly, and not unreasonably decline it. So, I've thought about whether LV acted in line with these requirements when it declined Mr and Mrs L's claim.

At the outset I acknowledge that I've summarised their complaint in far less detail than Mr and Mrs L have, and in my own words. I'm not going to respond to every single point made. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. The rules that govern the Financial Ombudsman Service allow me to do this as it's an informal dispute resolution service. If there's something I've not mentioned, it isn't because I've overlooked it. I'm satisfied I don't need to comment on every individual point to be able to reach an outcome in line with my statutory remit.

I'm very sorry to hear about Mrs L's health. I wish her all the best in the future.

The relevant law in this case is The Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). This 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.

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.

LV thinks Mrs L failed to take reasonable care when she answered the following question:

“Other than for conditions that you’ve already told us about, in the last 3 months have you:

Q: Had any of these symptoms, even if you have not consulted a doctor?

- *A lump or growth”*

Mrs L answered the above question “No”.

LV has provided me with Mrs L's medical records. These show that in 2014, Mrs L had a lump in her neck. This was investigated and Mrs L was referred for further review which Mrs L didn't attend. The lump wasn't removed and was still present when Mr and Mrs L applied for the policy. There isn't any dispute about her medical history. Mrs L has also said she disclosed it to her IFA but they informed her that it didn't need to be disclosed as it hadn't occurred in the last three months.

Based on the questions asked, the answer given and the medical information, I do agree that Mrs L misrepresented during her application. Mr and Mrs L have raised that they think the question is ambiguous. I don't agree. I think the question is clear in what it wants to know. The question doesn't specify that only lumps or growths that have occurred in the last three months need to be disclosed. Whilst I appreciate Mr and Mrs L have said they disclosed it to their IFA, the IFA was working on their behalf in taking out the policy. So, in the IFA not disclosing the lump on the application, I don't think reasonable care has been taken when answering the question.

LV have provided me with a statement from an underwriter and the relevant parts of their underwriting manual. Based on what I've seen, LV would have postponed the application. As a result, I think Mr and Mrs L's misrepresentation would be a qualifying misrepresentation under CIDRA.

LV has categorised the misrepresentation as careless. This is the lowest level of misrepresentation under CIDRA. Under CIDRA, when an insurer wouldn't have offered the consumer a policy, in this case the application would have been postponed, the insurer is allowed to decline the claim and avoid the policy. Based on the reasons above, I don't think the actions taken by LV are unfair or unreasonable in the circumstances.

Mr and Mrs L think the IFA are to blame for the misrepresentation and as the IFA sell LV's policies, LV should be responsible for the misrepresentation. This would only be the case if the IFA were acting on behalf of LV. However, a regulated IFA would be allowed to sell a LV policy whilst acting on behalf of the customer, as has happened here. When acting for the customer, the insurer wouldn't be responsible for how the policy was sold. I'm sorry to hear the IFA are no longer trading. Should Mr and Mrs L be unhappy with the actions of the IFA, they may be able to contact the Financial Services Compensation Scheme for help.

I'm very sorry that my decision doesn't bring Mr and Mrs L more welcome news at what I can see is a difficult time for them. But in all the circumstances I don't find that LV has treated Mr

and Mrs L unfairly, unreasonably, or contrary to law in declining the claim and avoiding the policy.

My final decision

For the reasons I've given above, my final decision is that I don't uphold this complaint. I don't require Liverpool Victoria Financial Services Limited to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L and Mrs L to accept or reject my decision before 21 October 2025.

Anthony Mullins
Ombudsman