

The complaint

Miss B and Mr L have complained that Liverpool Victoria Life Company Limited (“LV”) declined Miss B’s critical illness claim.

What happened

The background to this complaint is well known to the parties. In summary Miss B and Mr L took out a combined life and critical illness policy in June 2019. In 2024 Miss B made a claim on the policy for critical illness benefit. LV declined the claim – it said that it wouldn’t have offered a policy on the same terms if the application questions had been answered correctly.

Unhappy Miss B and Mr L referred their complaint to this Service. Our investigator didn’t recommend that it be upheld. They felt that LV’s offer to add an exclusion and lower the cover amount was fair.

Miss B and Mr L appealed. They sent further medical information to LV – but it didn’t change its conclusion. Our investigator reviewed the medical information and also concluded that LV’s position was still fair.

As no agreement has been reached the matter has been passed to me to determine.

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.

The regulator’s rules say that insurers must handle claims promptly and fairly. And that they mustn’t turn down claims unreasonably. So I’ve considered, amongst other things, the relevant law, the policy terms and the available evidence, to decide whether I think LV treated Miss B fairly.

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.

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.

LV thinks Miss B failed to take reasonable care when answering the following questions:

In the last 5 years, regardless of whether you've seen a doctor required treatment or had time off work, have you had:

- *Any condition affecting your liver or pancreas? including: Hepatitis An abnormal blood test or scan of your liver*

Other than for conditions that you've already told us about, in the last 2 years have you:

- *Been under follow-up with your GP surgery, or a specialist, hospital or clinic? including: Reviews or check-ups that you have been asked to attend even if you didn't*

- *Been referred to a specialist or had or been advised to have any medical investigations? including: A blood test or biopsy Ultrasound, x-ray, CT or MRI scan ECG or other heart investigations.*

I won't detail all the medical evidence here as it has been seen by the parties. However it shows that Miss B was diagnosed with a nodule on her liver in 2017 which was kept under review by way of scans and later confirmed to be a liver adenoma. An ultrasound in 2018 'suggested' that this was an adenoma. Further medical evidence submitted by Miss B. This shows that a hepatic adenoma was confirmed in February 2019.

I haven't disregarded Miss B's representation that the questions were answered truthfully and with the best intentions. But I find that the questions were clear. Accordingly, I don't find that it was unfair for LV to conclude that there was a failure to take reasonable care as the above questions were answered incorrectly.

I can't share the commercially sensitive underwriting evidence presented by LV, but I'm satisfied LV has demonstrated that had the questions been answered correctly it wouldn't have offered the policy on the same terms at that time – the application would have been postponed. Therefore I'm satisfied that the misrepresentation was a qualifying one under CIDRA.

As of July 2020 LV would have offered cover with a 50% loading on life cover and an exclusion - this would have been in the following terms: *No payment of the benefit shall be made under critical illness cover for any claim arising as a result of Hepatic Adenoma, or it's treatments, any metastases, including any tumour that has not been confirmed by biopsy as being a new primary tumour, and any treatment of such tumours. Any tumour that has not been, cannot or will not be biopsied is also specifically excluded.*

LV treated the misrepresentation as careless (as opposed to deliberate or reckless). I find that was fair. Accordingly it has now offered to:

- Cancel the policy and provide a premium refund
- Continue with the policy, with the relevant policy exclusion and the policy benefit reduced to a starting value of £146,022.95 for the life insurance and £73,837.50 for the critical illness cover.

I find the offer was fair and reasonable in all the circumstances. For completeness I would add that as she underwent surgery to remove the hepatic adenoma, I'm also satisfied that the exclusion applies to Miss B's claim.

I was very sorry to read about the catastrophic injury which is the subject of Miss B's claim, and which I accept has had a profound effect on Miss B's life and that of her family. But in all the circumstances I don't find that LV has treated Miss B and Mr L unfairly, unreasonably or contrary to law. It has made an offer which I find is fair. Miss B and Mr L will need to decide

how they wish to proceed.

My final decision

Liverpool Victoria Life Company Limited has made an offer to settle this complaint, and I think the offer is fair in all the circumstances.

My decision is that, having received an indication from Miss B and Mr L how they wish to proceed, Liverpool Victoria should either:

- Cancel the policy and provide a premium refund
- Continue with the policy, with the relevant policy exclusion and the policy benefit reduced to a starting value of £146,022.95 for the life insurance and £73,837.50 for the critical illness cover.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B and Mr L to accept or reject my decision before 15 October 2025.

Lindsey Woloski
Ombudsman