

The complaint

Mr N complains that Zurich Assurance Ltd has turned down a critical illness claim he made and that it's cancelled his life and critical illness insurance 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 N held two policies with Zurich – one provided life cover and the second provided critical illness cover.

On 23 January 2024, Mr N called Zurich to cancel both policies, as he said he now had cover through work. Zurich told Mr N that it had cancelled his direct debits and that the policies would end with effect from 20 January 2024.

Mr N called Zurich two days later to try and reactive the policies. But he was told he couldn't do so because the cancellation process had already begun. So on 25th January 2024, Mr N applied for two new policies through a price comparison website which offered the same levels of cover as the old contracts. He delayed the policy start dates to 20 February 2024. Zurich accepted Mr N's application and cover began under the new policies on 20 February 2024.

Unfortunately, in April 2024, Mr N was diagnosed with cancer. So he made a critical illness claim on the critical illness policy.

Zurich obtained Mr N's medical records. It noted that Mr N had started having symptoms of his condition and that he'd been referred for investigations before the policy had begun. It accepted Mr N hadn't been experiencing symptoms of the condition at the time he applied for the policies. But it said that the policy documentation had made it clear that Mr N needed to tell it about the change in his health between the application date and the policy start date. It said that if Mr N had told it about his symptoms and the referral, it wouldn't have agreed to go ahead with the new policies. So it concluded that Mr N had made a qualifying careless misrepresentation under relevant law. It turned down Mr N's claim, cancelled both policies and refunded the premiums Mr N had paid for the contracts.

Mr N was very unhappy with Zurich's decision and he complained. He said Zurich had led him to believe that he'd be covered until 20 February 2024 – so he didn't think there'd been a break in cover. He asked us to look into his complaint.

Our investigator thought Zurich had made it sufficiently clear to Mr N that his policies would end on 20 January 2024. And he also thought it had been fair for Zurich to conclude that Mr N had made a qualifying misrepresentation under relevant law and to therefore apply the legal remedy available to it. But he didn't think Zurich had handled Mr N's expectations as well as it should have done. So he recommended that Zurich should pay Mr N £100 compensation.

Mr N disagreed and so the complaint was passed to me to decide.

I issued a provisional decision on 25 June 2025, which explained why I didn't think it was unfair for Zurich to turn down Mr N's claim and cancel his policies. But I also set out why I didn't think Zurich appropriately managed Mr N's expectations and so I explained why I thought it should pay Mr N £300 compensation. I said:

'First, I'd like to say how sorry I was to read about Mr N's diagnosis. I appreciate this must have been a very worrying and upsetting time for Mr N and for his family. I do hope his treatment is going well. I'd also like to reassure Mr N that while I've summarised the background to his complaint and his detailed submissions to us, I've carefully considered all he's said and sent. In this decision though, I haven't commented on each point that's been made and nor do our rules require me to. Instead, I've focused on what I think are the key issues.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. I've taken those rules into account, amongst other relevant considerations, such as regulatory principles, the law, the policy terms and the available evidence, to decide whether I think Zurich treated Mr N fairly.

It seems there are two key issues for me to decide. First – whether I think Zurich led Mr N to believe he'd be covered under the old policies until 20 February 2024 and therefore prejudiced his position. And secondly, if I don't think Zurich gave Mr N unclear or misleading information, whether it was reasonable for it to conclude that he'd made a qualifying misrepresentation under the law.

Did Zurich prejudice Mr N's position?

Mr N feels strongly that Zurich led him to believe that he'd be covered by his old policies until 20 February 2024 – during calls with its staff and by information that was shown on its online portal. He says that as a result of the information Zurich gave him, he opted to start his new policies on 20 February 2024, rather than the date the old policies ended on 20 January 2024. If he'd taken out the new cover from 20 January 2024, Mr N believes his critical illness claim would have been covered. Therefore, he thinks Zurich has substantially prejudiced his position.

I've listened carefully to the initial call Mr N had with Zurich on 23 January 2024. He told the call handler that he wanted to cancel his existing policies because he had cover through work. In my view, Mr N gave Zurich a clear instruction to cancel the contracts and so I find it was reasonable for Zurich to rely on that instruction. I also think that the call handler made it very clear to Mr N that the effective cancellation date would be 20 January 2024 – the date the policy premiums had been paid up to.

Zurich has now provided me with evidence which shows that following this call, the call handler sent a cancellation request to its administration team. I find this to be persuasive evidence that the cancellation process for both policies was started on 23 January 2024.

Page four of the policy says: 'You can end your policy at any time.' Page 22 of the contract includes a section called 'If you don't pay your premium'. This includes the following clause:

'We won't reinstate a policy which has ended – if you still need cover, you'll need to apply for a new policy.'

It appears then that Zurich's takes a consistent stance that it's not prepared to reinstate policies which have been cancelled – whether by a policyholder or due to non-payment of

premiums.

I've also listened to the call of 25 January 2024 – when Mr N called to try and stop the policy cancellation. I'm satisfied the call handler did take steps to check whether it was possible to stop the cancellation and was told it wasn't. I'm also satisfied she clearly explained this to Mr N. And it seems to me that Mr N understood what he'd been told and accepted that he'd need to apply for new cover.

At the start of the call, Mr N wrongly referred to the policies being cancelled with effect from 20 February 2024. I've very carefully considered whether the call handler had a responsibility here to correct Mr N's misunderstanding. In this particular case, at the point Mr N quoted the incorrect cancellation date, the call handler hadn't taken him through security and doesn't appear to have been aware of the policy reference numbers. So, on balance, it isn't clear to me that she had enough information at that point to correct Mr N's misunderstanding as to the policy cancellation date. And the relevant cancellation date wasn't referred to again during the call. If it had been, I may have expected the call handler to correct Mr N's misunderstanding. Overall though, I don't think Zurich misled Mr N during this call.

Mr N says that his online portal showed that his policies were live until 20 February 2024. Zurich accepts that this would have been the case up until the date the policies were actually cancelled on 29 January 2024 – including at the point Mr N applied for the new contracts. I appreciate this may have caused some confusion.

However, taking into account the totality of the information Mr N was given, especially during the 23 January 2024 call, I think he ought reasonably to have been aware that his cover was ending with effect from 20 January 2024. And he's sent us a copy of an email he was sent by Zurich on 29 January 2024, which notified him that a cancellation letter had been uploaded to his portal. This letter stated that Mr N was no longer covered by his policies. So while I appreciate Mr N says he didn't see this letter, I'm satisfied Zurich made it available to him, as I'd have expected it to do.

Overall then, based on what I've seen, I don't think Zurich misled Mr N. Instead, I think it gave him enough accurate information to allow him to set-up new cover which began at the date the old policies ended – which was 20 January 2024, as clearly set out in the call of 23 January 2024.

Was it fair for Zurich to conclude that Mr N had made a qualifying misrepresentation?

The relevant law in this case 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. 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.

When Mr N took out the new policies online, he was asked information about himself and his medical history. Zurich used this information to decide whether or not to insure Mr N and if

so, on what terms. Zurich acknowledges that Mr N correctly answered the questions he was asked during the online sales process at the time he applied for the new contracts on 25 January 2024. But it concluded that Mr N ought to have told it about symptoms he'd developed before cover began on 20 February 2024. This means the principles set out in CIDRA are relevant. So I think it's fair and reasonable to apply these principles to the circumstances of Mr N's claim.

Zurich thinks Mr N failed to take reasonable care to tell it about a change in his circumstances between the date he applied for the policies and the date cover began. So I've considered whether I think this was a fair conclusion for Zurich to reach.

After Mr N applied for the policies, Zurich sent him a Personal Details Confirmation (PDC) together with other policy paperwork. The PDC set out the information Mr N had been asked during the application and the answers he'd given. Page one of the PDC stated:

'Please check this information carefully and let us know if any of the answers are now incorrect, or if any of them change before the policy start date.'

Page eight of the PDC includes a box called: *'If anything changes'*. This says:

'We know how important the cover is to you so if you think anything you've told us is wrong, or has changed up to the policy start date, let us know as soon as possible. If you don't tell us about something that's incorrect we may have to cancel the policy or be unable to pay a claim.'

If any of the information confirmed above needs to be corrected please make the changes on this form and complete the declaration below.

If you don't tell us about something that's incorrect we may have to cancel the policy or be unable to pay a claim.'

In my view then, the PDC made it clear to that Mr N needed to tell Zurich if any of the answers he'd given during the application process were now incorrect.

At application, Mr N was asked:

'Have you had any of these in the last 3 months, even if you haven't seen a doctor? You don't need to include things you've already told us about

Options - Any lump, growth or hardening affecting either testicle, Bleeding from the bowel or a change in bowel habit, A cough lasting more than 3 weeks, A fit or seizure, A mole or skin blemish which has changed in appearance.'

Mr N answered 'no' to this question, which had been correct at the time.

However, the medical evidence Mr N provided in support of his claim shows that he'd first experienced symptoms of the condition he was diagnosed with on 9 February 2024. The GP noted that Mr N had experienced a change in bowel habits and blood in his stools. Mr N went on to be referred for tests into the cause of his symptoms. As this change happened between the date Mr N applied for the policies and their start dates on 20 February 2024, I think he ought to have let Zurich know about the change in his health.

On that basis, I don't think it was unfair for Zurich to have concluded that Mr N had made a misrepresentation.

So I now need to decide whether I think Zurich has shown Mr N made a qualifying misrepresentation under CIDRA – in other words, that it wouldn't have offered Mr N cover on the same terms, or at all, if it had known about his change in health.

Zurich has provided us with confidential underwriting evidence which shows that if Mr N had told it about his symptoms, it wouldn't have offered him cover. So I think Zurich has shown that Mr N did make a qualifying misrepresentation under CIDRA and that it's reasonably entitled to rely on the relevant legal remedy.

As Zurich has turned down Mr N's claim, cancelled his policies and refunded his premiums, it seems it categorised his misrepresentation as careless. In my view, that was a reasonable conclusion for Zurich to reach. And as it's applied the remedy for careless misrepresentation under CIDRA, I think it's acted fairly.

As such, while I'm very sorry to disappoint Mr N, I don't think Zurich acted unfairly or unreasonably when it turned down Mr N's claim, cancelled his policies and refunded his premiums.

Customer service

Nonetheless, I do think there were some failings in the way Zurich dealt with Mr N. He was wrongly told that his policy cancellation couldn't be stopped because he hadn't given a reason for cancellation. A senior member of Zurich's claims team also indicated to Mr N that they believed Mr N's claim should be paid and his policies reinstated because they told Mr N his policy cancellations could have been stopped. I think this would have caused Mr N some additional, unnecessary frustration but also mismanaged his expectations at a time when he was going through cancer treatment. I think Zurich's subsequent decision to maintain its position likely then caused Mr N more disappointment than it otherwise would have done.

So in my view, given Mr N's diagnosis and the impact I think Zurich's actions are likely to have had on him at an already difficult time, I think Zurich should pay Mr N £300 compensation. I think this is a fair, reasonable and proportionate award in the circumstances.'

I asked both parties to send me any further evidence or comments they wanted me to consider.

Zurich had nothing further to add.

Mr N didn't accept my provisional decision. He provided video evidence of what he could see on his customer portal. In brief, he told us that the customer portal hadn't referred to a cancellation letter, as I'd suggested in my provisional decision. He also said that when he'd accessed the portal following the original call, it still showed the policy cancellation date as being 20 February 2024. That's because the portal didn't update for five days. He said he'd relied on this information when he called Zurich on 25 January 2024 and when he arranged the new policies. So he felt that Zurich had provided him with misleading information which had gone on to lead to his current situation.

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 very sorry to disappoint Mr N and cause him further upset at an already difficult time, my final decision is the same as my provisional decision and for the

same reasons. I'll now go on to address Mr N's further points.

I'd like to thank Mr N for the additional evidence he sent me. I'd also like to reassure him that I've listened carefully to his call with our investigator, and I've watched the video evidence he provided. I've carefully borne in mind what he's said and sent me.

Mr N says that the customer portal didn't make it clear that his policies would be cancelled with effect from 20 January 2024 and that the portal didn't refer to a cancellation letter. As I've set out above, Zurich accepts that the portal would have shown that the policies would be live until 20 February 2024 until the date they were actually cancelled on 29 January 2024. This means the portal would still have shown that Mr N's policies were active when he called on 25 January 2024. I appreciate that this may have caused some confusion.

However, it's still the case that I think Mr N was given very clear information during the call of 23 January 2024 as to when cover under his original policies would end. And I still think it appeared that Mr N had understood what he'd been told. I'm also not persuaded that the call handler made any error during the call of 25 January 2024, because at the point Mr N referred to the wrong cancellation date, he hadn't gone through security or given the call handler the relevant policy numbers. So I don't think the call handler had enough information to correct Mr N's misunderstanding at this point. And I don't think there was anything else during the call which ought reasonably to have prompted the call handler to realise that Mr N incorrectly believed he'd be covered up until 20 February 2024 and therefore to explain the actual cancellation date.

Having looked at Mr N's video evidence, I accept that the email Zurich sent him on 29 January 2024 following the policy cancellation didn't specifically state 'cancellation letter'. Instead, the email is headed '*There's a new document in your Zurich portal*'. The screen says:

'We've uploaded a new document to your online document library:

- *Cancellation'*

Mr N was then asked to click on a hyperlink to view his new document.

From the evidence Zurich's provided, it's clear that the new document was the cancellation letter of 29 January 2024 which I've referred to in my provisional decision. I still think this letter made it clear that he was no longer covered. I don't think the portal information Mr N has been able to send me now shows, on balance, that the cancellation letter wasn't correctly made available to him by Zurich - even if he didn't see it.

So, in the round, I still think the totality of the information Zurich gave Mr N was clear enough that he ought to have been reasonably aware that his cover was ending with effect from 20 January 2024. This means, based on what I've seen, I still don't think Zurich misled Mr N. Instead, I find it gave him enough accurate information to allow him to set-up new cover which began at the date the old policies ended.

Mr N hasn't commented on my findings in relation to whether it was fair for Zurich to rely on the remedy available to it under CIDRA, so I don't think I need to comment on this point in detail any further. For the avoidance of doubt though, I still don't think it was unfair for Zurich to conclude that Mr N had made a qualifying, careless misrepresentation under CIDRA. This means I still think it was reasonably entitled to cancel Mr N's policies and refund the premiums he'd paid.

Zurich hasn't commented on my proposed award of compensation. I explained why I felt,

given Mr N's circumstances, its mismanagement of his expectations had likely caused him additional, unnecessary distress and inconvenience. I'm still satisfied that a fair award of compensation to reflect the impact I think Zurich errors here probably had on Mr N is £300. And I'm now directing Zurich to pay Mr N £300 compensation.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that Zurich was reasonably entitled to turn down Mr N's claim and cancel his policies.

But I direct Zurich Assurance Ltd to pay Mr N £300 compensation.

Zurich Assurance Ltd must pay the compensation within 28 days of the date on which we tell it Mr N accepts 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.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 13 August 2025.

Lisa Barham
Ombudsman